RBS FX Notes (Series DPM EUR) Limited

Financial statements
For the year-ended 31 December 2011

RBS FX Notes (Series DPM EUR) Limited

Financial statements for the year ended 31 December 2011

Contents	*Page(s)*
Directors, officers and other information	1
Directors’ report	2
Statement of directors’ responsibilities	3
Independent auditors’ report	4 - 5
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in net assets attributable to noteholders	8
Statement of cash flows	9
Notes to and forming part of the financial statements	10 - 25

RBS FX Notes (Series DPM EUR) Limited

Directors, officers and other information

Directors of the Company	Roderick M. Forrest Nicholas J. Hoskins
Registered office	Victoria Place 31 Victoria Street Hamilton HM 10 Bermuda
Guarantor	The Royal Bank of Scotland N.V. 250 Bishopsgate London EC2M 4AA United Kingdom
Administrator, registrar, company secretary and transfer agent	Custom House Global Fund Services Limited Tigne Towers Tigne Street Sliema, SLM 3172 Malta
Payment bank	*(from May 2012)* The Royal Bank of Scotland International Limited Royal Bank House, 2 Victoria St Douglas, Isle of Man IM99 1NJ United Kingdom *(until May 2012)* First Caribbean Bank De Ruyterkade 61 P.O. Box 3144 Curacao Netherlands Antilles
Auditors	Doran & Associates 4th Floor, Crescent House Harstonge Street Limerick Ireland
Legal advisor	MQ Services Ltd Victoria Place, 1st Floor 31 Victoria Street Hamilton HM 10 Bermuda

RBS FX Notes (Series DPM EUR) Limited

Directors' report

The directors present the financial statements of RBS FX Notes (Series DPM EUR) Limited (the "Company") for the year ended 31 December 2011.

Principal activities and business review
The Company is a limited liability company incorporated under the laws of Bermuda and registered as a segregated accounts company in accordance with the Segregated Accounts Companies Act 2000 (the "SAC Act"). The objective of the company was to achieve medium-term capital gains in the net asset value of the Company, to be achieved through investing the proceeds of the issue of the Notes in shares of Prime Investments Managed Account Master Limited (the "Master Company"). The Master Company was incorporated in Bermuda on 24 September 2003 with limited liability and registered as a segregated accounts company under the SAC Act.

The Company invested substantially all of the proceeds of the Notes in the Class F Shares issued by the Master Company. The objective of the Master Company in respect of the Class F Shares was to achieve medium-term capital gains in the net asset value through the implementation of a quantitatively driven currency investment process. In June 2009, the Company redeemed out of the Class F shares of the Master Company on occurrence of a stop trading trigger event. The Company is therefore no longer pursuing its investment objective and has invested in debt instruments with the objective of capital preservation.

Future developments
The Notes of the Company matured on 7 June 2012. On maturity, the net asset value of the Notes was below the face value. Accordingly the Guarantor made a cash contribution to the Company in order to restore the net asset value to the face value of the Notes. The Notes were redeemed at a net asset value of EUR1.00 for dealing day 8 June 2012.

Principal risks and uncertainties
The principal risks and uncertainties, including details of the Company's risk management objectives and policies and exposure to price risk, credit risk, liquidity risk and cash flow risk are disclosed in note 14 to the financial statements.

Roderick M. Forrest

Nicholas J. Hoskins

21 September 2012

RBS FX Notes (Series DPM EUR) Limited

Statement of directors' responsibility

The directors have assumed responsibility for the preparation of the financial statements. In preparing those financial statements, the directors:

- ensure that the financial statements comply with the Memorandum and Articles of Association and International Financial Reporting Standards subject to any material departures disclosed and explained in the financial statements;
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The directors are also required to keep proper accounting records and to manage the Company in accordance with its Memorandum and Articles of Association. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

Responsibility statement
The directors confirm that to the best of their knowledge:

- The financial statements give a true and fair view of the assets, liabilities, financial position and the profit for the year of the Company in accordance with International Financial Reporting Standards; and
- The directors' report gives a true and fair view of the state of affairs of the Company as at 31 December 2011, the course of business during the financial year then ended, and describes the substantial risks with which the Company is confronted.

Roderick M. Forrest

Nicholas J. Hoskins

21 September 2012

Independent auditors' report

To the members of
RBS FX Notes (Series DPM EUR) Limited

We have audited the accompanying statement of financial position of the RBS FX Notes Series DPM EUR Limited, (the "Company") as at 31 December 2011 and the related statement of comprehensive income, statement of changes in net assets attributable to noteholders and statement of cash flows for the year then ended, and notes 1 - 20 to the financial statements.

Directors' responsibility for the financial statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to any other information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

We were not able to confirm the identity of the guarantee claims agent. We have been unable to establish which entity if any is performing the role. Accordingly, we are unable to conclude as to the validity and completeness of the claim agent fee expense and associated payable.

Independent auditors' report *(continued)*

To the members of
RBS FX Notes (Series DPM EUR) Limited

Qualified opinion
In our opinion, except for the possible effects of both of the matters described above, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2011 and of the Company's financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards.

Emphasis of matter – basis of preparation
Without qualifiying our opinion in this regard, we draw your attention to note 2(b) on page 11 which states that although no formal decision has been taken in respect of the winding up or closure of the Company, in light of the maturity of the Notes there is some uncertainty over the Company's intention to continue as a going concern. Nevertheless, the directors have prepared the financial statements on a going concern basis as they do not consider there to be a material difference between preparing the financial statements on a going concern basis and preparing the financial statements on a liquidation basis.

Doran & Associates

Doran & Associates

21 September 2012

RBS FX Notes (Series DPM EUR) Limited

Statement of financial position
as at 31 December 2011

	Note	31 December 2011 EUR	31 December 2010 EUR
Assets			
Cash and cash equivalents	*4*	**757,093**	1,031,805
Investments in debt instruments	*15*	**1,022,092**	1,220,939
Other receivables and prepaid expenses	*5*	**263,843**	277,848
Total assets		**2,043,028**	2,530,592
Liabilities			
Management fee payable	*6*	**973,094**	1,373,094
Other payables and accruals	*11*	**31,816**	27,466
Administration fee payable	*8*	**12,609**	13,099
Guarantee fee payable	*7*	**12,573**	6,966
Total liabilities (excluding net assets attributable to noteholders)		**1,030,092**	1,420,625
Net assets attributable to noteholders		**1,012,936**	1,109,967
Net asset value per Note			
Number of Notes in issue		993,358	1,022,358
Net asset value per Note		EUR 1.0197	EUR 1.0857

The financial statements set out on pages 6 to 25 were approved by the Board of Directors on 21 September 2012 and signed on its behalf by:

Roderick M. Forrest - Director

Nicholas J. Hoskins - Director

The accompanying notes form an integral part of these financial statements.

RBS FX Notes (Series DPM EUR) Limited

Statement of comprehensive income

for the year ended 31 December 2011

	Note	31 December 2011 EUR	31 December 2010 EUR
Investment income			
Movement in investments held at fair value through profit or loss		1,342	30,543
Total investment income		1,342	30,543
Expenses			
Administration fees	*8*	20,913	9,478
Guarantee fees	*7*	12,431	14,228
Audit fees	*11*	12,303	10,500
Corporate secretarial fees	*8*	7,513	7,962
Other operating expenses	*11*	6,423	6,683
Claim agent fees	*10*	5,404	5,687
Bank charges		1,772	1,385
Total expenses		66,759	55,923
Change in net assets attributable to noteholders from operations		(65,417)	(25,380)

The accompanying notes are an integral part of these financial statements.

RBS FX Notes (Series DPM EUR) Limited

Statement of changes in net assets attributable to noteholders

for the year ended 31 December 2011

	31 December 2011 EUR	31 December 2010 EUR
Operating activities		
Change in net asset attributable to noteholders from operations	(65,417)	(25,380)
Redemption of notes during the year	(31,614)	(459,944)
Decrease in net assets attributable to noteholders during the year	(97,031)	(485,324)
Net assets attributable to noteholders at the beginning of the year	1,109,967	1,595,291
Net assets attributable to noteholders at the end of the year	1,012,936	1,109,967

The accompanying notes are an integral part of these financial statements.

RBS FX Notes (Series DPM EUR) Limited

Statement of cash flows
for the year ended 31 December 2011

	31 December 2011 EUR	31 December 2010 EUR
Cash flows from operating activities		
Change in net assets attributable to noteholders from operations	**(65,417)**	(25,380)
Changes in operating assets and liabilities		
Decrease in investment in debt instrument	**198,847**	201,638
Decrease in other receivables and prepaid expenses	**14,005**	884
Decrease in total fees payable	**(390,533)**	(147,426)
Net cash (used in)/provided by operating activities	**(243,098)**	29,716
Financing activities		
Payments on redemption of notes	**(31,614)**	(459,944)
Net cash used in financing activities	**(31,614)**	(459,944)
Net decrease in cash and cash equivalents	**(274,712)**	(430,228)
Cash and cash equivalents at beginning of year	**1,031,805**	1,462,033
Cash and cash equivalents at end of year	**757,093**	1,031,805

The accompanying notes form an integral part of these financial statements.

1 Company information

RBS FX Notes (Series DPM EUR) Limited, formerly ABN Amro FX Notes (Series DPM EUR) Limited, (the "Company"), is a limited liability company incorporated under the laws of Bermuda and registered as a segregated accounts company in accordance with the Segregated Accounts Companies Act 2000 (the "SAC Act"). The Company maintains its registered office in Bermuda.

The objective of the company was to achieve medium-term capital gains in the net asset value of the Company, to be achieved through investing the proceeds of the issue of the Notes in shares of Prime Investments Managed Account Master Limited (the "Master Company"). The Master Company was incorporated in Bermuda on 24 September 2003 with limited liability and registered as a segregated accounts company under the SAC Act.

The Company invested substantially all of the proceeds of the Notes in the Class F Shares issued by the Master Company. The objective of the Master Company in respect of the Class F Shares was to achieve medium-term capital gains in the net asset value through the implementation of a quantitatively driven currency investment process. The Master Company has multiple additional share classes.

In June 2009, the Company redeemed out of the Class E shares of the Master Company on occurrence of a stop trading trigger event. The Company is therefore no longer pursuing its investment objective. At 31 December 2011 and 2010, the Company had invested in debt instruments with the objective of capital preservation.

Royal Bank of Scotland N.V., formerly ABN Amro Bank N.V., (the "Guarantor") acts as Guarantor to the Company. The role of the Bank as Guarantor is detailed in Note 12. Custom House Global Fund Services Limited (the "Administrator") acts as administrator of the Company.

At 31 December 2011, the Company had no employees.

The Notes of the Company are listed on NYSE Euronext Amsterdam. The home member state to whose transparency laws the Company is subject is The Netherlands. The competent authority responsible for the ongoing supervision of the Company is The Netherlands Authority for the Financial Markets.

As detailed in Note 18, the Notes of the Company matured on 7 June 2012.

The financial statements were approved by the Board of Directors on 21 September 2012.

2 Significant accounting policies

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by International Accounting Standards Board ("IASB"). The accounting policies have been applied consistently by the Company and are consistent with those used in the previous year, except for changes resulting from amendments to IFRS.

2 Significant accounting policies *(continued)*

(b) Basis of preparation

The financial statements are presented in the functional currency of the Notes, being Euro ("EUR"), and rounded to the nearest EUR. They are prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non financial assets and liabilities are stated at amortised cost.

The Notes of the Company matured on 7 June 2012. Although no formal decision has been taken in respect of the winding up or closure of the Company, in light of the maturity of the Notes there is some uncertainty over the Company's intention to continue as a going concern. Nevertheless, the directors have prepared the financial statements on a going concern basis as they do not consider there to be a material difference between preparing the financial statements on a going concern basis and preparing the financial statements on a liquidation basis.

(c) Investment transactions and valuations

(i) Measurement and recognition

In accordance with IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"), all of the Company's investments in debt instruments have been designated as at fair value through profit or loss upon initial recognition. Such treatment is permitted where financial assets are managed and their performance evaluated on a fair value basis.

Under IAS 39, derivatives are always classified as held for trading.

All other financial assets not designated as at fair value through profit or loss are classified as loans and receivables and are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

The Notes issued by the Company have been designated as at fair value through profit or loss because doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring the liabilities at amortised cost, since the Notes are presented at their redemption amount determined as the value of the residual assets of the Company after deducting all of its other liabilities.

Financial liabilities that are not designated as at fair value through profit or loss comprise of management fees payable and all other liabilities. These are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

The Company recognises financial assets at fair value through profit or loss on the date it commits to purchase the instruments. From this date any gains and losses arising from the changes in fair value of the assets and liabilities are recorded. Financial instruments are initially measured at fair value, which is the fair value of the consideration given or received. Financial instruments are subsequently re-measured at fair value.

2 Significant accounting policies *(continued)*

(c) Investment transactions and valuations *(continued)*

(i) Measurement and recognition (continued)
The fair value of listed financial instruments is based on their quoted market price at the reporting date without any deduction for estimated future selling costs. Pricing is based on quoted bid prices for long securities and quoted offer prices for short securities and if unavailable, by reference to the last reported traded price. For unlisted securities, valuation is estimated by reference to prices obtained from brokers and other pricing sources. The fair value of the debt instruments is determined by reference to prices provided by the Guarantor, which calculates the cancellation value based on the contractual terms of the instruments.

The value of cash in hand or on deposit and accounts receivable and prepaid expenses will be deemed to be the full amount unless it is unlikely to be paid or received in full.

Gains and losses arising from a change in the fair value of investments designated at fair value through profit or loss are recognised in the statement of comprehensive income.

(ii) Derecognition
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. The Company uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(d) Receivables
Receivables are stated at their nominal amount. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

(e) Foreign currency translation
Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to EUR at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to EUR at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to movement in investments at fair value through profit or loss are included in movement in investments held at fair value through profit or loss.

2 Significant accounting policies *(continued)*

(f) Interest income and expense
Interest income and expense are recognised in the statement of comprehensive income as they accrue, using the historical effective interest rate of the asset. Interest income includes the amortisation of any discount or premium, transaction costs (in the case of financial instruments other than those classified at fair value through profit or loss) or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income and expense related to held for trading investments, if any, is included in movement in investments held at fair value through profit or loss.

(g) Expenses
All expenses, including custodian fees and administration fees, are recognised in the statement of comprehensive income on an accruals basis.

(h) Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

(i) Taxation
The Company and the Master Company have obtained from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966, as amended, an undertaking that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not until 28 March 2016 be applicable to the Company and the Master Company or to any of their operations or to the shares, debentures or other obligations of the Company and the Master Company, except in so far as such tax applies to persons ordinarily resident in Bermuda.

(j) New and amended standards and interpretations
There are no new or amended standards or interpretations adopted with effect from 1 January 2011 that have a significant impact on the financial statements.

A number of new standards, amendments to standards and interpretations that have been issued to date are not yet effective for the financial statements of the Company for the year ended 31 December 2011, and have not been applied or early adopted in preparing these financial statements. The adoption of these standards is not anticipated to have a significant impact on the financial statements of the Company.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

A key judgement relates to the selection of the classification of investments and the associated valuation policy. Investments have been classified as designated at fair value through profit or loss in line with note 2(c) and are measured at fair value. Further information on the risks related to the investments is included in note 14.

A further key judgement relates to the basis of preparation as detailed in note 2(b). Although no formal decision has been taken in respect of the winding up or closure of the Company, in light of the maturity of the Notes there is some uncertainty over the Company's ability to continue as a going concern. Nevertheless, the directors have prepared the financial statements on a going concern basis as they do not consider there to be a material difference between preparing the financial statements on a going concern basis and preparing the financial statements on a liquidation basis. The determination that there is no material difference is an area of judgement.

4 Cash and cash equivalents

Unrestricted bank balances held with First Caribbean Bank at 31 December 2011 amounted to EUR 757,093 (2010: EUR 1,031,805).

Refer to note 18 for details of events occurring subsequent to the reporting date, when a temporary restriction was placed on the account by First Caribbean Bank, and the account was subsequently transferred to a new institution, Royal Bank of Scotland International.

5 Other receivables and prepaid expenses

Included within other receivables and prepaid expenses at 31 December 2011 is an amount of EUR 263,843. (2010: EUR 263,843). This sum represents the proceeds of disposal of a portion of the investment in debt instruments in October 2009. The proceeds were received by RBS FX Notes (Series III) Ltd, an investor in two of the additional share classes of the Master Company, in error. The sum is therefore receivable by the Company from RBS FX Notes (Series III) Ltd at 31 December 2011. The amount was subsequently repaid in June 2012. RBS FX Notes (Series III) Ltd has service providers and the Directors in common with the Company.

6 Management fee

Fortis Investment Management Netherlands N.V., now BNP Paribas Investment Partners, acted as Investment Manager to the Company. As consideration for the Investment Manager's services to the Company, an investment management fee was payable at a rate of 2% per annum on the base net asset value of the Class F Shares.

The management fees have not been accrued since June 2009, as following the redemption of shares in the underlying classes of the Master Company the Investment Manager is no longer acting for or charging fees to the company. As a result, there were no management fees charged during the year. (2010: EUR Nil)

Included within the management fees payable are amounts due to the former Investment Manager of the Company in respect of unpaid management fees from prior periods. The amount due as at 31 December 2011 is EUR 973,094 (2010: EUR 1,373,094).

7 Guarantee fees

Royal Bank of Scotland N.V., formerly ABN Amro Bank N.V., acts as Guarantor in respect of the notes. The Company pays a Guarantee fee to the Bank on a quarterly basis at a rate of 1.25% per annum on the greater of the number of Notes in issue, and the net asset value.

The amounts in respect of Guarantee fees charged during the year and outstanding at the reporting date are disclosed in the statement of comprehensive income and within other payables in the statement of financial position, respectively.

8 Administration and corporate secretarial fees

Under the terms of the administration agreement dated 05 August 2010, the Company appointed Custom House Global Fund Services Limited as the administrator of the Company.

The Company pays the administrator's fees annually in arrears in the amount of 0.1% of the net asset value of the Company. The agreement makes provision for a minimum annual administration fee equal to US$12,500, which applies from 1 January 2010. The agreement makes provision for a minimum annual administration fee equal to US$12,500.

In addition, the administrator is entitled to charge EUR 4,000 per annum for the preparation of the financial statements of the Company. No amounts were accrued for the years ending 31 December 2009 and 2010, and accordingly a total fee of EUR 12,000 has been charged in the current period, representing the total fee for the years ended 31 December 2009, 2010 and 2011.

Under the terms of the corporate secretarial services agreement dated 6 May 2004, MQ Services Limited provides corporate secretarial services to the Company. The minimum annual fee for such services is US$10,500.

The amounts in respect of Administration and Corporate secretarial fees charged during the year and outstanding at the reporting date are disclosed in the statement of comprehensive income and the statement of financial position, respectively.

9 Directors' fees

The directors of the Company reserve the right to charge all or any of their reasonable fees and expenses to the Company, subject to an annual limit of EUR5,000 (or equivalent).

10 Claim agent fees

During the year ended 31 December 2011, claim agent fees were charged to the Company of EUR 5,404 (2010: EUR5,687).

11 Other operating expenses

Other operating expenses include transactions fees and commissions as well as regulatory fees and other incidental expenses.

Audit fees for the company in respect of the year ended 31 December 2011 total EUR 12,303 (2010: EUR 10,500). Audit fees payable are included within other payables and accruals in the statement of financial position.

12 Notes

The Company offered one class of Notes denominated in Euro.

The offering amount was EUR225,000,000, with a minimum subscription on the issue date of EUR25,000,000 per investor, or such other amounts as the Company may determine with the prior written approval of the Bank. The issue price of the notes was EUR0.99.

The Notes matured on 7 June 2012 (the "Maturity Date") unless redeemed earlier. The minimum redemption was 1 Note. The Company redemption policy allowed Noteholders to make monthly requests in writing on any redemption day, being the last business day of each calendar month. The notice periods varied according to the face value of notes being redeemed: if the face value of notes to be redeemed was less than or equal to EUR10million, the notice period required was 10 business days prior to the relevant redemption day; if the face value of notes to be redeemed was greater than EUR10million and less than or equal to EUR50million, the notice period required was 30 business days prior to the relevant redemption day; and if the face value of notes to be redeemed was greater than EUR50million, the notice period required was 45 business days prior to the relevant redemption day.

The Notes were guaranteed by the London Branch of the Royal Bank of Scotland N.V. (the "Guarantor") in respect of 100% of the face value of each Note. The guarantees were only available in respect of the Notes outstanding as at the maturity date and were not applicable to any Notes which were redeemed prior to the maturity date.

Each Note constituted unsubordinated and unsecured obligations of the relevant Note Account of the Company and at all time ranked pari passu and without preference amongst themselves.

12 Notes *(continued)*

As detailed in Note 18, the Notes of the Company matured on 7 June 2012. On maturity, the net asset value of the Notes was below the face value. Accordingly the Guarantor made a cash contribution to the Company in order to restore the net asset value to the face value of the Notes. The Notes were redeemed at a net asset value of EUR1.00 for dealing day 8 June 2012.

Movement in the number of Notes in issue for the year ended 31 December 2011 was as follows:

Share class	Notes at beginning of the year	Notes issued	Notes redeemed	Notes at end of the year
Notes	1,022,358	-	(29,000)	993,358

Movement in the number of Notes in issue for the year ended 31 December 2010 was as follows:

Share class	Notes at beginning of the year	Notes issued	Notes redeemed	Notes at end of the year
Notes	1,441,058	-	(418,700)	1,022,358

13 Share capital

The Company was incorporated on 6 May 2004 in Bermuda with limited liability under Bermuda Law. An aggregate of 1,100,000 ordinary shares with a par value of EUR 0.01 per share were issued by the Company. The ordinary shares are owned by RBS FX Notes (Series DPM-EUR) Purpose Trust, (the “Trust”), a Bermudan purpose trust, as share trustee. The ordinary shares carry 100% of the voting rights. The Trust has foregone all rights to the assets of the Company other than to the nominal value of the 1,100,000 voting shares.

There were no movements in ordinary shares in issue during the year ended 31 December 2011 or 2010.

14 Financial instrument disclosures and associated risks

The objective of the Company via its investment in the Master Company was to achieve medium-term capital gains in the net asset value of the funds through the implementation of a quantitatively driven currency investment process. In June 2009, the Company redeemed out of the Class E funds of the Master Company on occurrence of a stop trading trigger event. The Company is therefore no longer pursuing its investment objective. At 31 December 2011 and 2010, the Company has instead invested in debt instruments with the objective of capital preservation.

The Company is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds. The nature and extent of the risks at the reporting date and the risk management policies employed by the Company are discussed below.

(a) Market risk
Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and price risk.

Market risk is the risk that changes in interest rates, foreign exchange rates or other prices will affect the positions held by the Company. All financial assets and liabilities designated at fair value are measured at fair value and therefore changes in market conditions may directly affect investment income.

(i) Currency risk
The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than EUR. At 31 December 2011 and 2010, the Company has no material exposure to currency risk.

(ii) Interest rate risk
A portion of the Company's financial assets throughout the year consisted of cash and cash equivalents. These assets yield an amount of interest income and therefore the Company is subject to a degree of cash flow interest rate risk, due to fluctuations in the prevailing levels of market interest rates.

The Company also invested in zero-coupon deposits. As a result the Company is subject to fair value interest rate risk due to fluctuations in the prevailing rate of market interest rates impacting on the fair value of the investments in debt instruments.

14 Financial instrument disclosures and associated risks *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk (continued)

A portion of the Company's financial assets throughout the year consisted of cash and cash equivalents. These assets yield an amount of interest income and therefore the Company is subject to a degree of cash flow interest rate risk, due to fluctuations in the prevailing levels of market interest rates.

The Company also invested in zero-coupon deposits. As a result the Company is subject to fair value interest rate risk due to fluctuations in the prevailing rate of market interest rates impacting on the fair value of the investments in debt instruments.

The following table details the Company's exposure to cash flow interest rate risks at 31 December 2011. It includes the Company's assets and liabilities at their carrying amounts, categorised by the earlier of the contractual re-pricing or maturity date.

All amounts stated in EUR

	Less than 1 month	1 month to 1 year	Non-interest bearing	Total
Assets				
Designated at fair value through profit or loss				
Investments in debt instruments	-	-	1,022,092*	1,022,092*
Loans & receivables				
Cash and cash equivalents	757,093	-	-	757,093
Other receivables and prepaid expenses	-	-	263,843	263,843
Total assets	**757,093**	**-**	**1,285,935**	**2,043,028**
Liabilities excluding holders of participating shares				
Financial liabilities measured at amortised cost				
Management fee payable	-	-	973,094	973,094
Other payables and accruals	-	-	31,816	31,816
Administration fee payable	-	-	12,609	12,609
Guarantee fee payable	-	-	12,573	12,573
Total liabilities	**-**	**-**	**1,030,092**	**1,030,092**
Total interest sensitivity gap	**757,093**	**-**		

*Investment in debt instruments are classified as non-interest bearing as they are zero coupon deposits and there is no cash flow interest rate risk.

14 Financial instrument disclosures and associated risks *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk (continued)
The following table details the Company's exposure to cash flow interest rate risks at 31 December 2010. It includes the Company's assets and liabilities at their carrying amounts, categorised by the earlier of the contractual re-pricing or maturity date.

All amounts stated in EUR

	Less than 1 month	1 month to 1 year	Non-interest bearing	Total
Assets				
Designated at fair value through profit or loss				
Investments in debt instruments	-	-	1,220,939*	1,220,939
Loans & receivables				
Cash and cash equivalents	1,031,805	-	-	1,031,805
Other receivables and prepaid expenses	-	-	277,848	277,848
Total assets	**1,031,805**	**-**	**1,498,787**	**2,530,592**
Liabilities excluding holders of participating shares				
Financial liabilities measured at amortised cost				
Management fee payable	-	-	1,373,094	1,373,094
Other payables and accruals	-	-	27,466	27,466
Administration fee payable	-	-	13,099	13,099
Guarantee fee payable	-	-	6,966	6,966
Total liabilities	**-**	**-**	**1,420,625**	**1,420,625**
Total interest sensitivity gap	**1,031,805**	**-**		

*Investment in debt instruments are classified as non-interest bearing as they are zero coupon deposits and there is no cash flow interest rate risk.

Interest rate sensitivity
As the Company is not exposed to a material amount of interest rate risk, a sensitivity analysis is not presented.

(iii) Other price risk
Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As a material element of the Company's financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, any changes in market conditions may directly affect net investment income.

On the occurrence of a stop trading trigger event, the Company has invested in debt instruments with a risk profile consistent with the Company's objective of capital preservation. As such the Company is not exposed to a significant amount of price risk as 31 December 2011 or 2010.

14 Financial instrument disclosures and associated risks *(continued)*

(b) Credit risk
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The Company is exposed to credit risk through its investment in debt instruments. The Company hold investments in debt instruments issued by Royal Bank of Scotland, which has a credit rating of “A+” as determined by Standard and Poor’s.

At 31 December 2011 and 2010, cash and cash equivalents are held at First Caribbean Bank. Bankruptcy or insolvency at the First Caribbean Bank may cause the Company’s rights with respect to cash and cash equivalents to be delayed or limited. The majority shareholder of First Caribbean Bank is CIBC West Indies Holdings, which has a credit rating of “A+” as determined by Standard and Poor’s.

Refer to note 18 for details of events occurring subsequent to the reporting date, when a temporary restriction was placed on the account by First Caribbean Bank, and the account was subsequently transferred to a new institution, Royal Bank of Scotland International.

The carrying amount of financial assets best represents the maximum credit risk exposure at the reporting date:

	31December 2011 EUR	**31December 2010 EUR**
Cash balances held on deposit with payment bank	757,093	1,031,805
Investments in debt instruments	1,022,092	1,220,939
Other receivables and prepaid expenses	263,843	277,848
	2,043,028	2,530,592

The Notes are guaranteed by the London Branch of Royal Bank of Scotland N.V. in respect of 100% of the face value of each Note. The guarantees are only available in respect of the Notes outstanding as at the maturity date and are not applicable to any Notes which are redeemed prior to the maturity date. Noteholders are therefore exposed to the credit risk of the guarantor.

As detailed in note 18, the Notes of the Company matured on 7 June 2012. On maturity, the net asset value of the Notes was below the face value. Accordingly the Guarantor made a cash contribution to the Company in order to restore the net asset value to the face value of the Notes. The Notes were redeemed at a net asset value of EUR1.00 for dealing day 8 June 2012.

14 Financial instrument disclosures and associated risks *(continued)*

(c) Liquidity risk

The Company's offering document provides for the redemption of Notes and it is therefore exposed to the liquidity risk of meeting noteholder redemptions. The Company's redemption policy allows for redemptions on the last day of each month and noteholders must provide variable notice of between 10 and 45 business days depending on the face value of the notes being redeemed.

The directors of the Company reserves the right to limit the aggregate of all individual redemptions to 20% of the relevant NAV of the Note Account. If redemption requests in excess of this are received, such requests may be scaled down pro-rata and any balance carried forward.

A portion of the Company's assets are maintained as cash and cash equivalents in order to meet unexpected redemptions. Refer to note 18 for details of events occurring subsequent to the reporting date, when a temporary restriction was placed on the account by First Caribbean Bank, and the account was subsequently transferred to a new institution, Royal Bank of Scotland International.

The following table shows the remaining contractual, undiscounted cash flows of the Company's liabilities at 31 December 2011.

All amounts stated in EUR	**Less than 1 month**	**1-3 months**	**3 months to 1 year**	**No stated maturity**
Financial liabilities				
Management fee payable	-	973,094	-	-
Other payables and accruals	31,816	-	-	-
Administration fee payable	12,609	-	-	-
Guarantee fee payable	12,573	-	-	-
Net assets attributable to noteholders	1,012,936	-	-	-

*Refer to note 18 for details of the maturity of the Notes, which occurred subsequent to the reporting date.

The following table shows the remaining contractual, undiscounted cash flows of the Company's liabilities at the 31 December 2010.

All amounts stated in EUR	**Less than 1 month**	**1-3 months**	**3 months to 1 year**	**No stated maturity**
Financial liabilities				
Management fee payable	-	1,373,094	-	-
Other payables and accruals	27,466	-	-	-
Administration fee payable	13,099	-	-	-
Guarantee fee payable	6,966	-	-	-
Net assets attributable to noteholders	1,109,967	-	-	-

*Refer to note 18 for details of the maturity of the Notes, which occurred subsequent to the reporting date.

15 Fair value measurements recognised in the statement of financial position

The following tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements for the year ended at 31 December 2011 were as follows:

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Assets				
Financial assets designated at fair value through profit or loss				
Investment in debt instruments	1,022,092	-	1,022,092	-
	1,022,092	**-**	**1,022,092**	**-**

Fair value measurements for the year ended at 31 December 2010 were as follows:

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Assets				
Financial assets designated at fair value through profit or loss				
Investment in debt instruments	1,220,939	-	1,220,939	-
	1,220,939	**-**	**1,220,939**	**-**

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the investment.

There were no transfers between levels in the year.

Valuation methods
All of the Company's investments in debt instruments are carried at fair value on the statement of financial position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. The major methods and assumptions used in estimating the fair values of financial instruments are set out below.

15 Fair value measurements recognised in the statement of financial position *(continued)*

Investment in debt instruments
The fair value of the debt instruments is determined by reference to prices provided by the Guarantor, which calculates the cancellation value based on the contractual terms of the instruments. The Company's investment in debt instruments is therefore categorised in level 2 of the fair value hierarchy.

16 Related party transactions

Royal Bank of Scotland N.V. is a related party of the company and acts as the Guarantor, and earned guarantee fees during the year (refer to note 7). The Note Accounts' investments are held in custody by Royal Bank of Scotland N.V., which is also the Guarantor. Refer to note 18.

Directors' fees are disclosed in note 9.

There were no other related party transactions.

17 Contingency

As disclosed in note 12, the Notes are guaranteed by the London Branch of Royal Bank of Scotland N.V. in respect of 100% of the face value of each Note. The guarantees are only available in respect of the Notes outstanding as at the maturity date and are not applicable to any Notes which are redeemed prior to the maturity date.

The Company is not in compliance with the filing requirements of the Netherlands Authority for the Financial Markets as the financial statements for the prior and current period were not filed according to the specified deadlines. Accordingly, enforcement action could be taken against the Company at any time, including possible fines.

18 Subsequent events

The Notes of the Company matured on 7 June 2012. On maturity, the net asset value of the Notes was below the face value. Accordingly the Guarantor made a cash contribution to the Company in order to restore the net asset value to the face value of the Notes. The Notes were redeemed at a net asset value of EUR1.00 for dealing day 8 June 2012.

In January 2012 the Company's payment bank, First Caribbean Bank, froze all payments from the Company's bank account. First Caribbean Bank took this action following an internal audit which revealed that it did not hold the necessary due diligence documentation on the Company. The Directors of the company wrote to shareholders advising them of a potential delay in the payment of redemptions. In May 2012 the account was unfrozen and the Company transferred its account to Royal Bank of Scotland International.

There were no other material subsequent events which necessitate revision of the figures included in the financial statements.

19 Reconciliation of audited net asset value to net asset value as reported to the noteholders in the calculation of the dealing net asset value

During the audit of the financial statements for the year ended 31 December 2011, certain audit adjustments were identified and actioned. These adjustments related to the effect of audit adjustments brought forward from the year ended 31 December 2010 as well as adjustments related to under-accruals for the year ended 31 December 2011.

	31-Dec-11	31-Dec-10
	EUR	**EUR**
Net assets per financial statements	1,012,936	1,109,967
Effect of audit adjustments brought forward	2,507	(14,214)
Audit adjustments in the current year	2,371	32,819
Net assets as reported to noteholders	1,017,814	1,128,572

	EUR	**EUR**
A reconciliation of the net asset value per note is as follows:		
Net asset value per note as per the financial statements	1.0197	1.0857
Effect of audit adjustments brought forward	0.0025	(0.0139)
Audit adjustments in the current year	0.0024	0.0321
Net asset value per note as reported to noteholders	1.0246	1.1039

20 Approval of financial statements

The financial statements were approved by the Board of Directors on 21 September 2012.