FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of

RBS FX Notes (Series 3) Limited

Financial statements
For the year-ended 31 December 2009

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes
segregated accounts of RBS FX Notes (Series 3) Limited

Financial statements for the year ended 31 December 2009

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Directors, officers and other information

Directors	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, and transfer agent	Custom House Global Fund Services Limited Tigne Towers Tigne Street Sliema, SLM 3172 Malta
Payment bank	First Caribbean Bank De Ruyterkade 61 P.O. Box 3144 Curacao Netherlands Antilles
Auditors	Doran & Associates 4th Floor, Crescent House Harstonge Street Limerick Ireland
Company secretary and legal advisor	MQ Services Ltd Victoria Place, 1st Floor 31 Victoria Street Hamilton HM 10 Bermuda

Directors' report

The directors present the financial statements of the FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes, segregated accounts of RBS FX Notes (Series 3) Limited, (the "Note Accounts") for the year ended 31 December 2009.

Principal activities and business review
RBS FX Notes (Series 3) Limited, formerly ABN Amro FX Notes (Series 3) 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 has established two segregated accounts, being the Note Accounts "US$ Class" and "EUR Class", which offer two separate classes of Notes denominated in US Dollars ("US$") and Euro ("EUR") respectively. These financial statements are those of the Note Accounts.

The objective of the Company was to achieve medium-term capital gains in the net asset value of the Notes, 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.

In respect of the Notes, the Company invested the proceeds of the US$ Class in the Class G Shares issued by the Master Company and the proceeds of the EUR Class in the Class H Shares issued by the Master Company. The objective of the Master Company in respect of the Class G Fund and the Class H Fund 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 Note Accounts redeemed out of the Class G and Class H funds of the Master Company and both classes of Notes entered stop-trigger trading. The Note Accounts are therefore no longer pursuing their investment objective and have invested in debt instruments with the objective of capital preservation.

Future developments
The directors anticipate that, notwithstanding the substantial redemptions during the year, the Company will continue to operate until the maturity of the existing Notes in issue, being 23 June 2014. The directors anticipate that the Note Accounts will continue in stop-trigger trading until the maturity of the Notes. As disclosed in note 17, there were no material subsequent events which necessitate revision of the figures included in the financial statements.

Principal risks and uncertainties
The directors note that the auditors have issued a qualified opinion in their audit report as a result of a limitation of scope arising from the unavailability of certain underlying accounting records. The directors wish to further draw attention to notes 1, 2(a) and 18 where the directors disclose that the Company has presented an unaudited condensed statement of financial position for the year ended 31 December 2008, and have not presented a statement of comprehensive income, statement of changes in net assets attributable to noteholders and statement of cashflows for the year ended 31 December 2008. No financial statements have been prepared and filed for any prior period and it has not been possible to provide these corresponding figures as the underlying accounting records for this period are incomplete.

Principal risks and uncertainties *(continued)*
Notwithstanding the above, the directors draw attention to the statement of directors' responsibility on page 4, where 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 loss for the year of the Company in accordance with International Financial Reporting Standards.

Further 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 12 to the financial statements.

Director

Director

5 March 2011

Statement of directors' responsibilities

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 private placing 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 loss for the year of the Note Accounts in accordance with International Financial Reporting Standards; and
- The directors' report gives a true and fair view of the state of affairs of the Note Accounts as at 31 December 2009, the course of business during the financial year then ended, and describes the substantial risks with which the Note Accounts are confronted.

Director

Director

5 March 2011

Independent auditors' report

To the noteholders of
FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes
segregated accounts of RBS FX Notes (Series 3) Limited

We have audited the accompanying statement of financial position of the FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes, segregated accounts of RBS FX Notes (Series 3) Limited, (the "Note Accounts") as at 31 December 2009 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 Note Accounts' 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 Note Accounts' 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.

Basis of opinion
Except as discussed in the following paragraphs, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were not able to perform satisfactory procedures in relation to opening balances. On 5 August 2010 the Company changed administrator from Equity Trust Company (Curaçao) N.V. to Custom House Global Fund Services Limited, with an effective date of 1 January 2009. We were unable to obtain sufficient appropriate audit evidence on the assets, liabilities and capital that comprise the opening balances.

Basis of opinion *(continued)*

It is not possible to quantify the effect of possible adjustments, if any, to the liabilities presented in the statement of financial position as at 31 December 2009 and to the movement in investments held at fair value through profit or loss presented in the statement of comprehensive income for the year ended 31 December 2009.

As disclosed in notes 1, 2(a) and 18, the Note Accounts have presented an unaudited condensed statement of financial position for the year ended 31 December 2008, and have not presented a statement of comprehensive income, statement of changes in net assets attributable to noteholders and statement of cashflows for the year ended 31 December 2008. No financial statements have been prepared and filed for any prior period and it has not been possible to provide these corresponding figures as the underlying accounting records for this period are incomplete. In this respect the financial statements are not in compliance with IAS 1 *Presentation of Financial Statements* which requires the inclusion of comparative information for each of the primary financial statements and in the notes. We have been unable to perform satisfactory procedures on the corresponding figures presented in the unaudited condensed statement of financial position for the year ended 31 December 2008 and consequently cannot and do not express an opinion on same.

We were not able to perform satisfactory procedures in relation to subscriptions and redemptions during the year. During the year the Company changed administrator from Equity Trust Company (Curaçao) N.V. to Custom House Global Fund Services Limited, with responsibility for the shareholder services function being assumed by the current administrator effective December 2009. We were not able to obtain sufficient appropriate evidence as to the amounts of subscriptions and redemptions during the year and the respective net asset value per note of such subscriptions and redemptions. We were able to obtain sufficient appropriate evidence in relation to the balance at year end.

Due to the change in administrator and associated difficulties in obtaining information and documentation, we were unable to perform procedures to obtain sufficient appropriate evidence that internal controls were operating effectively throughout the year.

Qualified Opinion – Limitation of Scope

In our opinion, except for the effects of such adjustments, if any, as might have been necessary had we been able to satisfy ourselves as to the matters discussed above, the financial statements give a true and fair view of the financial position of the Note Accounts as of 31 December 2009 and of the Note Accounts' financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Doran and Associates

Doran and Associates

5 March 2011

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Statement of financial position

as at 31 December 2009

	Note	RBS FX Notes Series III US$ 31 December 2009 US$	RBS FX Notes Series III EUR 31 December 2009 EUR
Assets			
Cash and cash equivalents	*4*	885,937	1,174,733
Investments in debt instruments	*12*	6,061,735	6,088,708
Other receivables and prepaid expenses		19,367	13,578
Total assets		6,967,039	7,277,019
Liabilities			
Management fee payable	*5*	742,059	809,876
Guarantee and facilitation fees payable	6	31,586	29,945
Other payables and accruals	*7,9*	18,553	15,930
Total liabilities (excluding net assets attributable to noteholders)		792,198	855,751
Net assets attributable to noteholders		6,174,841	6,421,268
Net asset value per Note			
Number of Notes in issue at 31 December 2009	*10*	6,518,000	6,521,000
Net asset value per Note at 31 December 2009		US$ 0.9473	EUR 0.9847

The financial statements set out on pages 7 to 28 were approved by the Board of Directors on 5 March 2011 and signed on its behalf by:

Director

Director

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

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Unaudited condensed statement of financial position

as at 31 December 2008

	RBS FX Notes Series III US$ 31 December 2008 US$	RBS FX Notes Series III EUR 31 December 2008 EUR
Assets		
Investment in Master Company	11,137,047	10,272,832
Other receivables and prepaid expenses	3,304	7,054
Total assets	11,140,351	10,279,886
Liabilities		
Accrued expenses	57,312	49,789
Total liabilities (excluding net assets attributable to noteholders)	57,312	49,789
Net assets attributable to noteholders	11,083,039	10,230,097
Net asset value per Note		
Number of Notes in issue at 31 December 2008	10,963,000	10,258,000
Net asset value per Note at 31 December 2008	US$ 1.0110	EUR 0.9973

Refer to Note 2a

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Statement of comprehensive income

for the year ended 31 December 2009

	Note	**RBS FX Notes Series III US$ 31 December 2009 US$**	**RBS FX Notes Series III EUR 31 December 2009 EUR**
Investment income			
Interest income		14,957	56,750
Movement in investments held at fair value through profit or loss		(1,298,515)	47,132
Total investment (deficit)/income		(1,283,558)	103,882
Expenses			
Guarantee and facilitation fees	*6*	143,590	138,440
Management fees	*5*	66,889	54,586
Administration fees	*7*	27,768	18,693
Transaction fees and commissions		20,083	1,746
Other operating expenses	*9*	16,046	10,942
Audit fees credit	*9*	(19,355)	(16,201)
Total expenses		255,021	208,206
Change in net assets attributable to noteholders from operations		(1,538,579)	(104,324)

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

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Statement of changes in net assets attributable to noteholders

for the year ended 31 December 2009

	RBS FX Notes Series III US$ 31 December 2009 US$	RBS FX Notes Series III EUR 31 December 2009 EUR
Operating activities		
Change in net asset attributable to noteholders from operations	(1,538,579)	(104,324)
Redemption of notes during the year	(3,369,619)	(3,704,505)
Decrease in net assets attributable to noteholders during the year	(4,908,198)	(3,808,829)
Net assets attributable to noteholders at the beginning of the year	11,083,039	10,230,097
Net assets attributable to noteholders at the end of the year	6,174,841	6,421,268

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

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Statement of cash flows

for the year ended 31 December 2009

	RBS FX Notes Series III US$ 31 December 2009 US$	**RBS FX Notes Series III EUR 31 December 2009 EUR**
Cash flows from operating activities		
Change in net assets attributable to noteholders from operations	(1,538,579)	(104,324)
Changes in operating assets and liabilities		
Decrease in investment in Master Company	11,137,047	10,272,832
Increase in investment in debt instrument	(6,061,735)	(6,088,708)
Increase in other receivables and prepaid expenses	(16,063)	(6,524)
Increase in total fees payable	734,886	805,962
Net cash provided by operating activities	4,255,556	4,879,238
Financing activities		
Payments on redemption of notes	(3,369,619)	(3,704,505)
Net cash used in financing activities	(3,369,619)	(3,704,505)
Net increase in cash and cash equivalents	885,937	1,174,733
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	885,937	1,174,733

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

1 Company information

RBS FX Notes (Series 3) Limited, formerly ABN Amro FX Notes (Series 3) 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 Company has established two segregated accounts, being the Note Accounts "US$ Class" and "EUR Class", which offer two separate classes of Notes denominated in US Dollars ("US$") and Euro ("EUR") respectively. These financial statements are those of the Note Accounts.

The objective of the Company was to achieve medium-term capital gains in the net asset value of the Notes, 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.

In respect of the Notes, the Company invested the proceeds of the US$ Class in the Class G Shares issued by the Master Company and the proceeds of the EUR Class in the Class H Shares issued by the Master Company. The objective of the Master Company in respect of the Class G Fund and the Class H Fund 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. The Master Company has multiple additional share classes. In June 2009, the Note Accounts redeemed out of the Class G and Class H funds of the Master Company and both classes of Notes entered stop-trigger trading. The Note Accounts are therefore no longer pursuing their investment objective and have invested in debt instruments with the objective of capital preservation.

Royal Bank of Scotland N.V., formerly ABN Amro Bank N.V., (the "Bank") acts as Guarantor to the Company. The role of the Bank as Guarantor is detailed in Note 10.

The Company appointed Custom House Global Fund Services Limited as the administrator (the "Administrator") of the Company on 5 August 2010 with an effective date of 1 January 2009 replacing Equity Trust Company (Curaçao) N.V.

The financial statements of the Note Accounts for the year ended 31 December 2009 are the first set to have been approved and filed. No financial statements were prepared in respect of previous periods. The underlying accounting records relating to periods prior to the year ended 31 December 2009 are incomplete and as such it has not been possible to present comparative information in full. Refer to note 2(a).

At 31 December 2009, the Company had no employees.

The US$ Class and EUR Class Notes of the Company are listed on NYSE Euronext. 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.

The financial statements were approved by the board on 5 March 2011.

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 significant accounting policies adopted by the Company are detailed below.

The financial statements for the year ended 31 December 2009 are the first set to have been approved and filed. No financial statements were prepared in respect of previous periods. The underlying accounting records relating to periods prior to the year ended 31 December 2009 are incomplete and as such it has not been possible to present comparative information in full. The Directors have presented an unaudited condensed statement of financial position for the year ended 31 December 2008. The directors have not presented a statement of comprehensive income, statement of changes in net assets attributable to noteholders and statement of cashflows for the year ended 31 December 2008. The directors have not presented comparative information in the notes to the financials statements.

In this respect the financial statements do not comply in full with IFRS, in particular IAS 1 *Presentation of Financial Statements* which requires the inclusion of comparative information for each of the primary financial statements and in the notes.

(b) Basis of preparation

The financial statements are presented in the functional currencies of the Note Accounts, being United States Dollars ("US$") in the case of the US$ Class and Euro ("EUR") in the case of the EUR Class, and rounded to the nearest US$/EUR. They are prepared on a fair value basis for financial assets and liabilities held for trading, 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.

Although the Note Accounts entered stop-trigger trading in June 2009, the Directors have prepared the financial statements on a going concern basis as no formal decision has been taken in respect of the winding up or closure of the Company.

(c) Adoption of new accounting standards

During the year, the Company adopted the following new and revised accounting standards in the preparation of these financial statements. The adoption of these new and revised standards resulted only in additional disclosures in, and certain changes in presentation of, the financial statements. The adoption of these standards did not result in any changes in the measurement of amounts reported for the current or prior financial periods.

(i) Presentation of financial statements

The Company applied revised IAS 1, *Presentation of Financial Statements (2007)*, which became effective as of 1 January 2009. As a result of this revised standard, any equity-classified noteholdings related changes in net assets are presented in a statement of changes in net assets attributable to noteholders, whereas all non-noteholdings related changes in net assets are presented in a statement of comprehensive income.

2 Significant accounting policies *(continued)*

(c) Adoption of new accounting standards *(continued)*

(i) Presentation of financial statements (continued)
The impact of this change is limited to the presentation and disclosure of the Note Accounts' statement of comprehensive income and statement of changes in net assets attributable to noteholders. Where applicable, the Company has adopted the single-statement approach in the presentation of the total comprehensive income.

The Company has also chosen to adopt the new titles for the primary statements as set out in IAS 1, which are considered to better reflect the function of each of the primary statements.

Amendments to IAS 1, *Presentation of Financial Statements (2007)*, issued in May 2008 as part of IASB's annual improvement project, clarifies that some rather than all financial assets and financial liabilities classified as held for trading are classified as current, only when these assets or liabilities are expected to be realised or settled within twelve months from the financial reporting period end date. The application of this amendment does not have any significant impact on the classification of the assets and liabilities of the Company in the current or prior financial periods.

The adoption of this revised standard has impacted only on presentation aspects and does not impact the amounts reported in the current or prior financial periods.

(ii) Puttable instruments
Amendments to IAS 32, *Financial Instruments: Presentation* became effective for financial periods beginning on or after 1 January 2009. The amendments relate to reclassification of certain financial instruments from financial liability to equity instruments where equity features are exhibited. These include financial instruments that have particular features and meet specific conditions such as puttable instruments and instruments or components of instruments that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity upon liquidation.

The adoption of this revised standard does not have any impact on the financial instruments of the Note Accounts.

(iii) Fair value disclosures
In March 2009, the IASB issued Amendments to IFRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*, which became effective for the financial periods beginning on or after 1 January 2009.

The amendments apply to financial assets and financial liabilities measured in the statement of financial position at fair value, and extend the related fair value disclosures. A key disclosure now required is the categorisation of fair value measurements within a three-level hierarchy that reflects the significance of inputs used in measuring the fair values.

2 Significant accounting policies *(continued)*

(c) Adoption of new accounting standards (continued)

(iii) Fair value disclosures (continued)

The fair value hierarchy is as follows:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2**: 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);
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

These new requirements do not have any financial impact on the measurement approach to amounts reported in the financial statements for the current period when compared to the approach used in prior financial periods. Comparative information has not been presented as permitted by the transitional provisions of the amendments.

The Amendments to IFRS 7 also revised the minimum disclosure requirements on liquidity risk whereby an analysis of remaining contractual maturities for derivative financial liabilities would now only be required for derivative financial liabilities whose contractual maturities analysis are essential for an understanding of the timing of cash flows of the entity. This revision has not resulted in any changes in the liquidity risk disclosures made by the Note Accounts as they held no derivative positions at 31 December 2009.

(d) Investment transactions and valuations

(i) Measurement and recognition
In accordance with IAS 39, *Financial Instruments: Recognition and Measurement*, all of the Note Accounts' investments in debt instruments have been designated 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. It has not been possible to present the gains and losses on trading of held for trading investments separately from those designated at fair value through profit or loss upon initial recognition as the underlying records are not available, refer to note 2(a).

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.

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.

2 Significant accounting policies *(continued)*

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

(i) Measurement and recognition (continued)
The Note Accounts recognise financial assets or liabilities held for trading on the date they commit 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.

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 independent pricing sources.

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 held for trading investments are recognised in the statement of comprehensive income.

(ii) Derecognition
The Note Accounts derecognise 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 Note Accounts use 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.

(e) 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.

(f) 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 US$/EUR at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to US$/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 and derivative financial instruments are included in movement in investments held at fair value through profit or loss.

2 Significant accounting policies *(continued)*

(g) 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 is included in movement in investment held at fair value through profit or loss.

(h) Expenses
All expenses, including management fees, guarantee fees and facilitation fees, are recognised in the statement of comprehensive income on an accruals basis.

(i) 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.

(j) 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.

(k) Investment in the Master Company
Investment in the Master Company is initially recorded at fair value on a trade date basis. Subsequently, investments are stated at fair value as of the reporting date, with any resultant movement in unrealised gain or loss recognised in the statement of comprehensive income. The fair value of investments is based on the unaudited net asset value obtained from the Master Company administrator. The Note Accounts held no investment in the Master Company at 31 December 2009.

(l) Standards, interpretations and amendments to published standards that are not yet effective
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 Note Accounts for the year ended 31 December 2009, and have not been applied nor early adopted in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Note Accounts in the period of initial adoption.

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.

The key judgements relate to the classification of the Notes as liabilities as opposed to equity instruments, and the selection of the classification of investments and the associated valuation policy. Investments have been classified as designated at fair value through profit and loss in line with note 2(d) and are measured at fair value. Further information on the risks related to the investments is included in note 12.

4 Cash and cash equivalents

Unrestricted bank balances held with First Caribbean Bank at 31 March 2010 amounted to US$885,937 in respect of the US$ Class and EUR1,174,733 in respect of the EUR Class.

5 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 Manager fee was payable by the US$ Class and the EUR Class at a rate of 2% per annum on the base net asset value of the Class G and Class H funds respectively.

The management fees have not been accrued since June 2009, as following the redemption of both the US$ Class and the EUR Class in the underlying classes of the Master Company the Investment Manager is no longer acting for or charging fees to the company.

The amounts in respect of management 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.

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 in respect of the US$ Class as at 31 December 2009 is US$742,059, and the amount due in respect of the EUR class as at 31 December 2009 is EUR719,033.

6 Guarantee and facilitation fees

Royal Bank of Scotland N.V., formerly ABN Amro Bank N.V., (the "Bank") acts as Guarantor in respect of the notes.

Each Note Account pays a Guarantee fee to the Bank on a quarterly basis at a rate of 1.15% per annum on the greater of the number of Notes of the relevant Note account in issue, and the relevant net asset value per Note.

6 Guarantee fees and facilitation fees *(continued)*

In addition, each Note Account pays to the Bank a Facilitation fee on a quarterly basis at a rate determined by the Bank two business days before each issue date, within an expected range of 0.55% - 0.65% of the number of Notes of the relevant Note account in issue.

The amounts in respect of Guarantee fees and Facilitation 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.

7 Administration fees

Under the terms of the administration agreement dated 05 August 2010 with an effective date of 01 January 2009, the Company appointed Custom House Global Fund Services Limited as the administrator of the Company. The Note Accounts pay the administrator's fees annually in arrears as a percentage of the net asset value of the Note Accounts in the amount of 0.1% of the net asset value of the Note Accounts, subject to a minimum annual fee of US$30,000 (or equivalent) per Note Account.

The amounts in respect of Administration fees charged during the year are disclosed in the statement of comprehensive income. The amount outstanding at the reporting date is included within other payables and accruals in the statement of financial position.

8 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 US$5,000 (or equivalent).

9 Other operating expenses

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

Audit fees for the Note Accounts in respect of the year ended 31 December 2009 total EUR 15,000 and are divided equally between the US$ Class and the EUR Class. Audit fees had been accrued in prior periods in respect of audit work that was not performed; these fees have been written back in the current year resulting in a net credit to the statement of comprehensive income. Audit fees payable at 31 December 2009 are included within other payables and accruals in the statement of financial position.

10 Notes

The Company has established two segregated accounts, namely the Note Account (US$ Class) and the Note Account (EUR Class), which offered two separate Classes of Notes.

The offering amount in respect of the US$ Class and EUR Class was US$25,000,000 and EUR25,000,000 respectively. The minimum subscription per investor was US$ Class 10,000 Notes and EUR Class 10,000 Notes. The face value of the Notes is US$1 per US$ Class and EUR1 per EUR Class.

The Notes will mature on the 23 June 2014 (the "Maturity Date") unless redeemed earlier. The minimum redemption is US$ Class 10,000 Notes and EUR Class 10,000 Notes. The Company redemption policy only allows for redemption on the last business day of each month and Note holders must provide 10 business days notice.

The Notes are guaranteed by the London Branch of Royal Bank of Scotland N.V. (the "Bank") 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.

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

Movement in the number of Notes in issue representing the US$ Class for the year ended 31 December 2009 was as follows:

Share class	Notes at beginning of the year	Notes issued	Notes redeemed	Notes at end of the year
Notes	10,963,000	-	(4,445,000)	6,518,000

Movement in the number of Notes in issue representing the EUR Class for the year ended 31 December 2009 was as follows:

Share class	Notes at beginning of the year	Notes issued	Notes redeemed	Notes at end of the year
Notes	10,258,000	-	(3,737,000)	6,521,000

11 Share capital

The Company was incorporated on 11 May 2004 in Bermuda with limited liability under Bermuda Law. An aggregate of 12,000 ordinary shares with a nominal value of US$1 per share were issued by the Company. The ordinary shares are owned by RBS FX Notes Purpose Trust, formerly ABN AMRO FX Notes 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 12,000 voting shares.

There were no movements in ordinary shares in issue during the year ended 31 December 2009.

12 Financial instrument disclosures and associated risks

The objective of the Note Accounts via thier 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 Note Accounts redeemed out of the Class G and Class H funds of the Master Company and both classes of Notes entered stop-trigger trading. The Note Accounts are therefore no longer pursuing their investment objective and have invested in debt instruments with the objective of capital preservation.

The Note Accounts are exposed to market risk, credit risk and liquidity risk arising from the financial instruments they hold. The nature and extent of the risks at the reporting date and the risk management policies employed by the Note Accounts 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 commodity prices will affect the positions held by the Note Accounts. All financial assets and liabilities designated at fair value are measured at fair value and all changes in market conditions directly affect investment income. The Note Accounts are susceptible to market price risk arising from uncertainties about future prices.

(i) Currency risk

The Note Accounts may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Note Accounts are 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 Note Accounts’ assets or liabilities denominated in currencies other than US$/EUR. At 31 December 2009, the Note accounts have no material exposure to currency risk.

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

(a) Market risk *(continued)*

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

The Note Accounts also invested in zero-coupon bonds. As a result the Note Accounts are 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 Guarantor monitors the term to maturity and effective interest rate of the interest bearing instruments in order to assess the risk of the Note Accounts to fluctuations in the prevailing levels of market interest rates.

The following tables detail the Note Accounts' exposure to cash flow interest rate risks at 31 December 2009. It includes the Note Accounts' assets and liabilities at their carrying amounts, categorised by the earlier of the contractual re-pricing or maturity date.

US$ Class at 31 December 2009

All amounts stated in US$

	Less than 1 month	**1 month to 1 year**	**Non-interest bearing**	**Total**
Assets				
Held for trading				
Investments in debt instruments	-	-	6,061,735*	6,061,735
Loans & receivables				
Cash and cash equivalents	885,937	-	-	885,937
Other receivables and prepaid expenses	-	-	19,367	19,367
Total assets	**885,937**	**-**	**6,081,102**	**6,967,039**
Liabilities excluding net assets attributable to noteholders				
Financial liabilities measured at amortised cost				
Management fees payable	-	-	742,059	742,059
Guarantee and facilitation fees payable	-	-	31,586	31,586
Other payables and accruals	-	-	18,553	18,553
Total liabilities	**-**	**-**	**792,198**	**792,198**
Total interest sensitivity gap	**885,937**	**-**		

*Investment in debt instruments are classified as non-interest bearing as they are zero coupon bonds.

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

(a) Market risk *(continued)*

(ii) Interest rate risk (continued)

Interest rate sensitivity
An increase of 50 basis points in interest rates as at 31 December 2009 would have increased the net assets attributable to noteholders US$443. A decrease of 50 basis points would have had an equal but opposite effect.

EUR Class at 31 December 2009

All amounts stated in EUR

	Less than 1 month	1 month to 1 year	Non-interest bearing	Total
Assets				
Held for trading				
Investments in debt instruments	-	-	6,088,708*	6,088,708
Loans & receivables				
Cash and cash equivalents	1,174,733	-	-	1,174,733
Other receivables and prepaid expenses	-	-	13,578	13,578
Total assets	**1,174,733**	**-**	**6,102,286**	**7,277,019**
Liabilities excluding net assets attributable to noteholders				
Financial liabilities measured at amortised cost				
Management fees payable	-	-	809,876	809,876
Guarantee and facilitation fees payable	-	-	29,945	29,945
Other payables and accruals	-	-	15,930	15,930
Total liabilities	**-**	**-**	**855,751**	**855,751**
Total interest sensitivity gap	**1,174,733**	**-**		

*Investment in debt instruments are classified as non-interest bearing as they are zero coupon bonds.

Interest rate sensitivity
An increase of 50 basis points in interest rates as at 31 December 2009 would have increased the net assets attributable to noteholders EUR 587. A decrease of 50 basis points would have had an equal but opposite effect.

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

(a) Market risk *(continued)*

(iii) Other price risk
Other price risk is the risk that the value of the 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 Note Accounts' financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect net investment income.

The Note accounts have entered stop-trigger trading and the Note Accounts have invested in debt instruments with a risk profile consistent with the Note Accounts' objective of capital preservation. As such the Note Accounts are not exposed to a significant amount of price risk as 31 December 2009.

(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 Note Accounts.

All securities held by the sub-fund at the reporting date are held in custody with Royal Bank of Scotland N.V., which has a credit rating of "A+" as determined by Standard and Poor's.

Cash and cash equivalents are held at First Caribbean Bank. Bankruptcy or insolvency at the First Caribbean Bank may cause the Note Accounts' 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.

The Note Accounts are further exposed to credit risk through its investment in debt instruments. The Note Accounts 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.

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

	RBS FX Notes Series III US$ 31 December 2009 US$	**RBS FX Notes Series III EUR 31December 2009 EUR**
Cash balances held on deposit with payment bank	885,937	1,174,733
Investments in debt instruments	6,061,735	6,088,708
	6,947,672	7,263,441

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

(b) Credit risk *(continued)*

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.

(c) Liquidity risk

The Note Accounts' offering document provides for the redemption of Notes and they is therefore exposed to the liquidity risk of meeting noteholder redemptions. The Note Accounts' redemption policy allows for redemptions on the last day of each month and noteholders must provide 10 business days notice. 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 Note Accounts' assets are maintained as cash and cash equivalents in order to meet unexpected redemptions.

The following table shows the remaining contractual, undiscounted cash flows of the Company's liabilities at the reporting date.

US$ Class at 31 December 2009

All amounts stated in US$	**Less than 1 month**	**1-3 months**	**3 months to 1 year**	**No stated maturity**
Financial liabilities				
Management fee payable	-	742,059	-	-
Guarantee and facilitation fees payable	31,586	-	-	-
Other payables and accruals	18,553	-	-	-
Net assets attributable to noteholders	6,174,841	-	-	-

EUR Class at 31 December 2009

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	-	809,876	-	-
Guarantee and facilitation fees payable	29,945	-	-	-
Other payables and accruals	15,930	-	-	-
Net assets attributable to noteholders	6,421,268	-	-	-

14 Fair value measurements recognised in the statement of financial position

The following table provides 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).

US$ Class at 31 December 2009

	Total US$	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**
Assets				
Financial assets at fair value through profit or loss – held for trading				
Investment in debt instruments	6,061,735	-	6,061,735	-
	6,061,735	**-**	**6,061,735**	**-**

EUR Class at 31 December 2009

	Total EUR	**Level 1 EUR**	**Level 2 EUR**	**Level 3 EUR**
Assets				
Financial assets at fair value through profit or loss – held for trading				
Investment in debt instruments	6,088,708	-	6,088,708	-
	6,088,708	**-**	**6,088,708**	**-**

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 Level 1 and Level 2 in the year.

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

Valuation methods
All of the Note Accounts' 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.

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 Note Accounts' investment in debt instruments are therefore categorised in level 2 of the fair value hierarchy.

15 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 and facilitation fees during the year (refer to note 6). The Note Accounts' investments are held in custody by Royal Bank of Scotland N.V., which is also the Guarantor.

Directors fees are disclosed in note 8.

There were no other related party transactions.

16 Contingency

As disclosed in note 10, 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.

17 Subsequent events

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

18 Comparative information

As discussed in note 1 and note 2(a), the financial statements for the year ended 31 December 2009 are the first set to have been approved and filed. No financial statements were prepared in respect of previous periods. The underlying accounting records relating to periods prior to the year ended 31 December 2009 are incomplete and as such it has not been possible to present comparative information in full. The Directors have presented an unaudited condensed statement of financial position for the year ended 31 December 2008. The Directors have not presented a statement of comprehensive income, statement of changes in net assets attributable to noteholders and statement of cashflows for the year ended 31 December 2008. The Directors have not presented comparative information in the notes to the financials 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 2009, certain audit adjustments were identified and actioned. These adjustments primarily related to the write-back of over-accruals.

	RBS FX Notes Series III US$ 31-Dec-09 US$	RBS FX Notes Series III US$ 31-Dec-09 EUR
Net assets per financial statements	6,174,841	6,421,268
Audit adjustments, write-back of over-accruals	(93,807)	(278,662)
Net assets as reported to noteholders	6,081,034	6,142,606

A reconciliation of the net asset value per share is as follows:	US$	EUR
Net asset value per share as per the financial statements	0.9473	0.9847
Audit adjustments, write-back of over-accruals	(0.014)	(0.0428)
Net asset value per share as reported to shareholders	0.933	0.9419

20 Approval of financial statements

The financial statements were approved by the Board of Directors on 5 March 2011.