

DATED 18 April 2011



The Royal Bank of Scotland N.V.

(incorporated in the Netherlands with its statutory seat in Amsterdam)

PROSPECTUS RELATING TO

UP TO PLN 200,000,000 CREDIT AND INDEX LINKED NOTES DUE 2015

PROSPECTIVE PURCHASERS OF THE NOTES DESCRIBED IN THIS PROSPECTUS (THE "NOTES") SHOULD ENSURE THAT THEY UNDERSTAND FULLY THE NATURE OF THE NOTES AND THE EXTENT OF THEIR EXPOSURE TO THE RISKS ASSOCIATED WITH THE NOTES. THE MARKET PRICE AND/OR VALUE OF THE NOTES MAY BE VOLATILE AND HOLDERS OF THE NOTES MAY SUSTAIN A TOTAL LOSS IN THE VALUE OF THEIR INVESTMENT. PROSPECTIVE PURCHASERS NEED TO CONSIDER THE SUITABILITY OF AN INVESTMENT IN THE NOTES IN LIGHT OF THEIR OWN FINANCIAL, FISCAL, REGULATORY AND OTHER CIRCUMSTANCES. PLEASE REFER, IN PARTICULAR, TO THE SECTIONS "RISK FACTORS" IN THIS PROSPECTUS AND IN THE REGISTRATION DOCUMENT FOR A MORE COMPLETE EXPLANATION OF THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES.

This document constitutes, when read together with the Registration Document (as defined below), a prospectus (the "**Prospectus**") for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**").

The Royal Bank of Scotland N.V. (the "**Issuer**") accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The disclosure information in respect of the Funds (set out in item 36 of Part A – Final Terms on page 123 and Annex 1 to this Prospectus), the Reference Entity (set out in item 28 of Part A – Final Terms on page 122 and under the heading "*What should I read before investing*" on page 42) and the Reference Obligation (set out in items 29 and 36 of Part A – Final Terms on pages 122 and 123), including related website links (the "**Reproduced Information**") has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the relevant third parties, no facts have been omitted which would render the Reproduced Information inaccurate or misleading.

Application will be made to Giełda Papierów Wartościowych w Warszawie S.A. (the "**Warsaw Stock Exchange**") for the Notes to be admitted to trading and listed on the regulated market of the Warsaw Stock Exchange.

References to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading and have been listed on the regulated market of the Warsaw Stock Exchange. The Warsaw Stock Exchange is a regulated market for the purposes of Directive 93/22/EC (the "**Investment Services Directive**").

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes. Neither the delivery of this document nor any information provided in the course of a transaction in the Notes shall, in any circumstances, be construed as a recommendation by the Issuer to enter into any transaction with respect to any Notes. Each prospective investor contemplating a purchase of Notes should make its own independent investigation of the risks associated with a transaction involving the Notes.

The delivery of this document does not at any time imply that there has been no change in the affairs of the Issuer since the date of this Prospectus. The Issuer does not intend to provide any post-issuance information.

The distribution of this document and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of this document and other offering material relating to the Notes please refer to "Selling Restrictions" in this Prospectus.

Subject as provided in the Final Terms, the only persons authorised to use this Prospectus in connection with an offer of Notes are the persons named in the Final Terms as the Financial Intermediaries.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALERS) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROSPECTUS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

In connection with the issue of the Notes, the dealer or dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in any Notes as described herein (the "Notes") should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. No civil liability attaches to the Issuer in respect of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area (an "EEA State"), the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Investors should review carefully the provisions of this Summary, the Risk Factors (pages 17 to 40), the Questions and Answers (pages 41 to 56), as well as the Final Terms and other parts of this Prospectus.

Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this summary.

Issuer: The Royal Bank of Scotland N.V. (previously named ABN AMRO Bank N.V.) (the "Issuer" or "RBS N.V.") acting through its London branch at 250 Bishopsgate, London, EC2M 4AA.

History and Incorporation: RBS N.V. is a public limited liability company incorporated under Dutch law on 7 February 1825. RBS N.V. is registered in the Trade Register of Amsterdam under number 33002587. RBS N.V.'s registered office is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

RBS N.V. is a wholly-owned subsidiary of RBS Holdings N.V. (previously named ABN AMRO Holding N.V.) ("**RBS Holdings**"), which is a public limited liability company incorporated under Dutch law on 30 May 1990. The registered office of RBS Holdings is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

RBS Holdings has one subsidiary, RBS N.V. and RBS N.V. has various subsidiaries.

As used herein, the "**Group**" refers to RBS Holdings and its consolidated subsidiaries. The term "**RBSG**" refers to The Royal Bank of Scotland Group plc and the "**RBSG Group**" refers to RBSG and its subsidiaries consolidated in accordance with International Financial Reporting Standards. The term "**RBS**"

refers to The Royal Bank of Scotland plc.

Overview:

The Issuer is a bank licensed and regulated by the Dutch Central Bank (De Nederlandsche Bank).

The Issuer operates on a significant scale across Europe, the Middle East and Africa (EMEA), the Americas and Asia. As at 31 December 2010, the Group had total consolidated assets of EUR 200 billion.

RBS Holdings and RBS N.V. form part of the RBSG Group. RBSG is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, the RBSG Group operates in the United Kingdom, the United States and internationally through its three principal subsidiaries, RBS, National Westminster Bank Public Limited Company (“**NatWest**”) and RBS N.V. Both RBS and NatWest are major United Kingdom clearing banks. In the United States, the RBSG Group’s subsidiary Citizens is a large commercial banking organisation. Globally, the Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

Group Organisational Structure:

The Group comprises the following four segments:

- Global Banking & Markets (“**GBM**”): The GBM segment represents the business providing an extensive range of debt and equity financing, risk management and investment services as a leading banking partner to major corporations and financial institutions around the world. The GBM business within RBS Holdings is organised along four principal business lines: Global Lending, Equities, Short Term Markets & Funding and Local Markets.
- Global Transaction Services (“**GTS**”): GTS provides global transaction services, offering Global Trade Finance, Transaction Banking and International Cash Management.
- Central Items: The Central Items segment includes group and corporate functions, such as treasury, capital management and finance, risk management, legal, communications and human resources. Central Items manages the Group’s capital resources, statutory and regulatory

obligations and provides services to the branch network.

- Non-Core Segment: The Non-Core segment contains a range of businesses and asset portfolios managed separately that the Group intends to run off or dispose of, in line with the RBSG Group strategy for Non-Core assets. It also includes the remaining assets and liabilities in RBS N.V. that have not yet been sold, wound down or alternatively transferred by the Consortium Members (as defined below), in which each of the Consortium Members has a joint and indirect interest.

Global Banking & Markets, Global Transaction Services and Central Items comprise the Group's Core segments.

These RBS N.V. businesses are part of global business units of the RBS Group that operate across multiple legal entities. The strategy of RBS N.V. is part of the overall business strategy of the RBSG Group. RBS Holdings N.V. has been restructured into Core and Non-Core components. The RBSG Group expects to substantially run down or dispose of the businesses, assets and portfolios within the Non-Core division by 2013 and has completed the sales of businesses in Latin America, Asia, Europe and the Middle East.

**Separation from the
ABN AMRO Group:**

On 17 October 2007, RFS Holdings B.V, which at the time was owned by RBSG, Fortis N.V., Fortis S.A./N.V., Fortis Bank Nederland (Holding) N.V. and Banco Santander, S.A. ("**Santander**"), completed the acquisition of ABN AMRO Holding N.V., which was renamed RBS Holdings N.V. on 1 April 2010 when the shares in ABN AMRO Bank N.V. were transferred to ABN AMRO Group N.V., a holding company for the interests of the Dutch State. This marked the substantial completion of the restructuring of the activities of ABN AMRO Holding N.V. in accordance with the agreement between RBSG, the Dutch State and Santander (the "**Consortium Members**"). RBS Holdings N.V. has one direct subsidiary, RBS N.V., a fully operational bank within the Group, which is independently rated and regulated by the Dutch Central Bank.

On 31 December 2010, the share capital of RFS Holdings B.V. was amended, such that approximately 98 per cent. of RFS Holdings' issued share capital is now held by RBSG, with the remainder being held by Santander and the Dutch State. Ultimately it is expected that RFS Holdings B.V. will become a wholly-owned subsidiary of RBSG.

Risk Factors:*Risks relating to the Issuer*

Certain factors may affect the Issuer's ability to fulfil its obligations under the Securities, including:

- The Group is reliant on the RBSG Group.
- The Group's businesses, earnings and financial condition have been and will continue to be affected by the global economy and instability in the global financial markets.
- An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing and may adversely affect the Group's business, results of operations, financial condition, capital ratios and liquidity.
- Lack of liquidity is a risk to the Group's business and its ability to access sources of liquidity has been, and will continue to be, constrained.
- The financial performance of the Group has been materially affected by deteriorations in borrower credit quality and it may continue to be impacted by any further deteriorations including as a result of prevailing economic and market conditions, and legal and regulatory developments.
- The actual or perceived failure or worsening credit of the Group's counterparties has adversely affected and could continue to adversely affect the Group.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The value of certain financial instruments recorded at fair value is

determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.

- The Group operates in markets that are highly competitive and consolidating. If the Group is unable to perform effectively, its business and results of operations will be adversely affected.
- As a condition to the RBSG Group receiving HM Treasury support, the Group is prohibited from making discretionary coupon payments on, and exercising call options in relation to, certain of its existing hybrid capital instruments, which may impair the Group's ability to raise new capital through the issuance of Securities.
- The Group could fail to attract or retain senior management, which may include members of the Group's Supervisory Board and Managing Board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group is and may be subject to litigation and regulatory investigations that may impact its business.
- The Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- The Group is subject to enforcement risks relating to the United States Department of Justice's criminal investigation of its dollar clearing activities.
- The legal demerger of ABN AMRO Bank N.V. (as it was then named) has resulted in a cross liability that changes the legal recourse available to investors.
- Operational risks are inherent in the Group's operations.
- The Group is exposed to the risk of changes in tax legislation and its interpretation and to increases in the rate of corporate and other taxes in

the jurisdictions in which it operates.

- The Group's operations have inherent reputational risk.
- The Group's business and earnings may be adversely affected by geopolitical conditions.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- In addition to the risk factors described above, the Group is also subject to additional risks related to the entry by RBSG Group into the asset protection scheme and the two back to back contracts entered into by RBS in connection with certain assets and exposures of RBS N.V. and its wholly-owned subsidiaries.

In addition, there are certain factors which are material for the purpose of assessing the risks associated with the Notes, including but not limited to: (a) the value of the Notes may fluctuate based on the value of the Reference Entity or Index; (b) there may not be a secondary market in the Notes; (c) holders of the Notes have no ownership interest in any obligation of the Reference Entity or in the Index; (d) the amount payable on redemption of the Notes may be less than the nominal amount of the Notes if Conditions to Settlement are satisfied in respect of the Reference Entity, or if both Conditions to Settlement are satisfied and an Index Event occurs and is dependent, in part, on the value of the Index; and (e) following the occurrence of a Potential Index Event, the Issuer may in its discretion (i) require the Calculation Agent to determine amendments to the terms and conditions of the Notes, (ii) require the Calculation Agent to substitute the Index for an alternative index or (iii) determine that an Index Event has occurred and require the Calculation Agent to determine the Mandatory Unwind Amount; and the application of any such provisions may have an adverse effect on the value and liquidity of the Notes. Further, there may be certain conflicts of interest resulting from the Issuer's activities.

Investors should note that if the Issuer fails or becomes insolvent or the Reference Obligation is restructured or defaults, or in the event of a Hedging Disruption Event or an early redemption of the Notes, the investor may lose some or all their invested amount.

See "Risk Factors" in this Prospectus.

**Principal Agent and
Calculation Agent:**

RBS N.V. acting through its London branch at 250 Bishopsgate, London, EC2M 4AA.

**Listing and Admission
to Trading:**

Application will be made for the Notes to be admitted to trading and listed on the regulated market of the Warsaw Stock Exchange.

Description of the

Credit and Index Linked Notes.

Notes:

Amounts payable in respect of the Notes are calculated by reference to the credit of the specified reference entity and by reference to the performance of the specified index.

The conditions applicable to the Notes are contained in the General Conditions and the Product Conditions, including the Appendices thereto (together, the "**Conditions**").

The Notes issued under this Prospectus are investment instruments which are linked to the credit risk of Getin Noble Bank S.A. (the "**Reference Entity**") and to the performance of an option on the RBS Volatility-Controlled Emerging Opportunities ER Strategy (the "**Index**"). The option (the "**Index Option**") is a notional European call option on market standard terms relating to the Fund Basket (being a basket of fund shares as more fully described in the Final Terms), with the following conditions: (1) a notional amount equal to the outstanding Aggregate Nominal Amount of the Notes from time to time; (2) a payout on exercise equal to the product of (i) the outstanding notional amount of the option as at the date of such exercise, (ii) the Participation Rate and (iii) the greater of (x) zero and (y) $(\text{Average Index Level} / \text{Initial Index Level}) - 1$; (3) a strike price equal to the Initial Index Level; (4) the Index Valuation Date as its valuation date; and (5) the Scheduled Maturity Date as its settlement date.

If the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to the Reference Entity and/or an Index Event occurs, each Note will be redeemed on the Event Redemption Date at the Event Redemption Amount, which in the case of redemption following satisfaction of Conditions to Settlement may be significantly less than the nominal amount of the Note and may be zero. The Event Redemption Amount will be determined by the Calculation Agent in accordance with the Conditions and will be affected by the nature of the applicable event.

The Notes may be redeemed early in certain circumstances unrelated to the

existence of a Credit Event or an Index Event, if an illegality, a hedging disruption or an event of default in respect of the Issuer occurs (as described below under "*Illegality*", "*Hedging Disruption*" and "*Other Early Redemption*").

Event Redemption Amount:

In respect of each Note, the Event Redemption Amount will be an amount in the Settlement Currency determined by the Calculation Agent equal to:

(a) following satisfaction of Conditions to Settlement only:

$$(A \times B) - C + D ;$$

(b) following the occurrence of an Index Event only:

$$A + E ;$$

(c) following satisfaction of Conditions to Settlement and the occurrence of an Index Event:

$$(A \times B) - C + E ,$$

provided that in each case that the Event Redemption Amount shall not be less than zero.

Where:

"A" is the Nominal Amount;

"B" is the Final Price;

"C" is Unwind Costs;

"D" is the Option Payoff Amount; and

"E" is the Mandatory Unwind Amount,

Without Duplication.

Cash Amount:

If Conditions to Settlement are not satisfied during the Notice Delivery Period and no Index Event occurs and the Notes do not become redeemable prior to their scheduled maturity for any other reason under the Conditions, each Note will be redeemed on the Maturity Date at an amount (the "**Cash Amount**") in the Settlement Currency determined by the Calculation Agent equal to the sum of (i) the Nominal Amount plus (ii) the Option Payoff Amount.

Maturity Date:

The date falling 10 Business Days immediately following the last Averaging Date, expected to be 26 June 2015 (the "**Scheduled Maturity Date**"), subject to adjustment, if applicable, as provided in the Product Conditions.

Credit Events:

One or more of the following events, each as set out in the Product Conditions,

in relation to the Reference Entity or its obligations:

- (i) Obligation Default; or
- (ii) Restructuring,

where:

(a) an Obligation Default occurs only if the relevant default under the Reference Obligation results in at least PLN 1.00 in aggregate amount of the Reference Obligation being capable of being declared due and payable before the Reference Obligation's scheduled maturity date; and

(b) Restructuring means, in relation to an aggregate amount of not less than PLN 1.00 of the Reference Obligation, any one or more of the following events occurs and binds all holders of the Reference Obligation, where such event is not expressly provided for under the terms of the Reference Obligation as of its issue date:

- (I) the amount of principal payable on the scheduled maturity date of the Reference Obligation is reduced;
- (II) the scheduled maturity date of the Reference Obligation is postponed or otherwise deferred;
- (III) a change in the ranking of the Reference Obligation, resulting in amounts payable on the Reference Obligation becoming subordinated to any other obligation of the Reference Entity;
- (IV) any change in the currency or composition of any payment of interest or principal under the Reference Obligation to a currency which is not a Permitted Currency; or
- (V) the Reference Obligation is replaced, in whole or part, with Substitute Reference Obligation(s) or a Substitute Reference Obligation exists at any time.

Conditions to Settlement: Following the occurrence of a Credit Event, Conditions to Settlement shall be satisfied by the delivery by the Calculation Agent to the Issuer during the Notice Delivery Period of a Credit Event Notice.

Final Price: The price of the Reference Obligation if a Credit Event has occurred and the Conditions to Settlement have been satisfied, expressed as a percentage, determined in accordance with the valuation method.

The valuation method for the relevant obligation will involve the Calculation

Agent obtaining or attempting to obtain quotations from market dealers for the relevant obligation on one or more valuation dates and/or determining the fair market value of a relevant holding of the Reference Obligation and any substitute Reference Obligation assets. The relevant dealers, types of any quotation to be obtained and procedures where quotations are not available are set out in the Product Conditions and may have a significant effect on the Final Price.

Potential Index Event One or more of the following events, each as set out on the Product Conditions: (i) an Additional Disruption Event; (ii) an Extraordinary Event; (iii) a Fund Event; or (iv) a Market Disruption Event.

Option Payoff Amount: In respect of each Note, an amount in the Settlement Currency determined by the Calculation Agent on the Index Valuation Date equal to the product of (1) the Nominal Amount, (2) the Participation Rate; and (3) the greater of (i) zero and (ii) $(\text{Average Index Level} / \text{Initial Index Level}) - 1$.

Mandatory Unwind Amount: In respect of each Note an amount equal to the greater of (i) zero and (ii) a *pro rata* share of the fair market value of the Index Option as of the date the Calculation Agent determines an Index Event has occurred, reduced by an amount equal to the aggregate of all costs and expenses incurred by the Issuer and/or any affiliates and/or any hedging party in connection with such Index Event, including, without limitation, any costs associated with unwinding any hedge positions relating to the Notes, all as determined by the Calculation Agent.

Unwind Costs: In respect of each Note a *pro rata* share of all costs, fees, charges, expenses, taxes and duties incurred by the Issuer and/or any affiliates in connection with the termination of or relevant payment under the Notes and hedging unwind or adjustment costs as a result of a Credit Event, as more fully described in the Product Conditions.

Tax Amount: In respect of each Note, in the case of an early redemption for illegality or a hedging disruption, an amount equal to its *pro rata* share of any amount that would be withheld in respect of tax, duty or other similar charges on payments made under a relevant holding of the Reference Obligations, upon redemption and settlement at the stated maturity of the Reference Obligations, to a holder of the Reference Obligation with the same tax status as the Issuer.

As of the Issue Date, the Tax Amount is expected to be zero, however taxing policies are subject to change.

Event Redemption Date: In respect of redemption following satisfaction of Conditions to Settlement (including in circumstances where both a Credit Event and an Index Event have occurred), the later of (i) the Scheduled Maturity Date and (ii) the third Business Day immediately following the date on which the Final Price is determined.

In respect of redemption following the occurrence of an Index Event only, the Scheduled Maturity Date subject to adjustments.

Credit Risk: The Notes are linked to the credit risk of the entity specified as the Reference Entity, subject to adjustment where there is a successor to the Reference Entity.

Additional Credit Risk: Because the Notes are debt obligations of the Issuer, investors rely on the Issuer's ability to fulfil its obligations under the Notes and therefore assume credit risk in relation to the Issuer as well as the Reference Entity.

Indicative Issue Price: The Notes will be issued at a price equal to 100 per cent of the Nominal Amount.

Maturity: The Notes have a Scheduled Maturity Date, as specified in the Final Terms, which is subject to adjustment where the Notice Delivery Period is extended.

Interest: The Notes do not bear interest other than, in certain circumstances, the Unwind Interest Amounts.

Upon the applicable date for redemption of the Notes following either satisfaction of Conditions to Settlement or the occurrence of an Index Event, the Issuer shall, in respect of each Note and the Credit Event or Index Event, pay (in addition to the Event Redemption Amount) an amount in the Settlement Currency determined in accordance with an overnight floating interest rate, which shall accrue (a) in the case of redemption following satisfaction of Conditions to Settlement, the period from and including the date on which the Final Price is determined to but excluding the Event Redemption Date; or (b) in the case of redemption following an Index Event, the period from and including the date on which the Mandatory Unwind Amount is determined to but excluding the Event Redemption Date. If both a Credit Event has occurred (and the Conditions to Settlement have been satisfied) and an Index Event has occurred, an Unwind Interest Amount will be paid in respect of each of the Credit Event and the Index Event.

General Conditions: Set out below is a summary of certain significant provisions of the General Conditions contained in this Prospectus applicable to the Notes.

Status of the Notes: The Notes constitute unsecured and unsubordinated obligations of the Issuer

and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

Illegality:

The Issuer may redeem any Notes early if it has determined in its absolute discretion that, for reasons beyond its control, its performance thereunder has become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable law. In such circumstances the Issuer will, to the extent permitted by law, pay to each Holder in respect of each Note held by such Holder an amount, calculated by the Issuer, as the fair market value of the Note immediately prior to such redemption (such fair market value determined into account such illegality but ignoring the creditworthiness of the Issuer) less the cost to the Issuer of unwinding any related hedging arrangements and less the Tax Amount.

Hedging Disruption:

If a Hedging Disruption Event (as defined in General Condition 5) occurs, the Issuer will at its discretion (i) redeem the Notes and pay to each Holder in respect of each Note held by such Holder an amount, calculated by the Issuer, as the fair market value of the Notes immediately prior to such termination (such fair market value determined taking into account such Hedging Disruption Event but ignoring creditworthiness of the Issuer) less (a) the cost to the Issuer of unwinding any related hedging arrangements and (b) the Tax Amount; or (ii) make any other adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Notes after adjusting for the relevant Hedging Disruption Event.

Other Early Redemption:

The Notes may also terminate early in certain circumstances upon an event of default with respect to the Issuer.

Substitution:

The Issuer may at any time, without the consent of the Holders, substitute for itself as principal obligor under the Notes any entity, subject to certain conditions including the a requirement that the Issuer give the Holders at least 30 days' notice of such substitution. In certain cases, substitution may be required to be effected in accordance with the rules of one or more clearing systems specified in the Final Terms.

Taxation:

The Holder (and not the Issuer) shall be liable for and/or pay any tax, duty or charge in connection with, the ownership of and/or any transfer, payment or delivery in respect of the Notes held by such Holder. The tax treatment of the Notes depends on the individual circumstances of each Holder and may be

subject to change in the future. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable to any Holder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

Adjustments for European Monetary Union: The Issuer may, without the consent of any Holder, on giving notice to the Holders elect that, with effect from the date specified in such notice, certain terms of the Notes shall be redenominated in euro. See General Condition 12.

Form of Notes: The Notes will be issued in global form.

Settlement of Notes: The Notes shall be cash settled.

Governing Law: English law.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

THE PURCHASE OF NOTES MAY INVOLVE SUBSTANTIAL RISKS AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, ALL THE INFORMATION SET FORTH IN THIS PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW.

BEFORE MAKING AN INVESTMENT DECISION WITH RESPECT TO THE NOTES, PROSPECTIVE INVESTORS SHOULD MAKE SUCH ENQUIRIES AS THEY DEEM NECESSARY (INCLUDING, WITHOUT LIMITATION, CONSULTING WITH FINANCIAL, LEGAL OR OTHER ADVISORS AS THEY DEEM APPROPRIATE) AND CAREFULLY REVIEW THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES AND CONSIDER SUCH AN INVESTMENT DECISION IN THE LIGHT OF THE PROSPECTIVE INVESTOR'S PERSONAL CIRCUMSTANCES WITHOUT RELIANCE ON THE ISSUER OR ANY DEALER.

AN INVESTMENT IN NOTES LINKED TO THE INDEX AND THE REFERENCE OBLIGATION MAY ENTAIL RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL NOTE. THE FOLLOWING IS A COMPREHENSIVE LIST OF MATERIAL RISKS. HOWEVER, OTHER UNFORESEEN RISKS COULD ARISE AS A RESULT OF MARKET DEVELOPMENTS. THE AMOUNT PAID BY THE ISSUER ON REDEMPTION OF THE NOTES MAY BE LESS THAN

THE NOMINAL AMOUNT OR ISSUE PRICE OF THE NOTES, TOGETHER WITH ANY APPLICABLE UNWIND INTEREST AMOUNT, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.

THE NOTES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.

Capitalised terms used in this section and not otherwise defined shall have the meanings given to them in the General Conditions and the Product Conditions, including the Appendices thereto (together the "Conditions").

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Risks relating to the Issuer's business

Market Risk. The Issuer itself holds positions in financial assets. Changes in market prices (for instance share prices, bond prices or loan prices) or in other factors affecting asset values (such as the general situation of the global economy or economical and political conditions in relevant countries) may adversely affect the performance of the relevant asset. Such risk may be limited but not excluded by value protection strategies. A negative performance of the relevant asset would adversely affect the Issuer's financial situation, its profits and its ability to make payments under the Notes.

Interest Rates. An investment in the Notes involves interest rate risk with respect to the Polish Zloty. A variety of factors influence interest rates such as macro-economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Notes.

Currency Risk. The Issuer prepares its accounts in Pounds Sterling. A significant part of the Issuer's profits and expenses are originated in other currencies. Changes in the exchange rate regarding the conversion into Pounds Sterling may adversely affect the Issuer's financial situation and profits and its ability to make payments under the Notes.

Liquidity Risk. The Issuer holds various financial assets. Besides market risk, such assets are also subject to the risk that as a result of insufficient market liquidity the relevant assets cannot be sold or hedged on short notice or can only be sold for a lower price. Such risk especially exists in relation to assets for which there are no markets with sufficient liquidity from the beginning. Limited liquidity in respect of such assets may also adversely affect the liquidity of the Issuer.

Credit Risk / Loan Risk. The Issuer entertains different business relationships with third parties. Within the context of such business relationships there is the risk that the third party which owes the Issuer money, securities or other financial assets cannot fulfil its liabilities. Credit risk may particularly arise as a result of insolvency, illiquidity, cyclical downturn and/or mistakes in the management of the relevant third party. The risk is particularly relevant to loans as the realisation of such risk may result in a loss of both interest (if any) and the principal amount. Such losses may have a considerable adverse effect on the Issuer's financial situation and profits and its ability to make payments under the Notes.

Regulatory Risk. The Issuer's business activities in each jurisdiction in which it operates are subject to extensive supervision and regulations. Changes in laws or regulations may require the Issuer to change its business or certain products and cause significant costs to the Issuer. Furthermore, as a result of changes in the regulatory authority's code of practice the Issuer may have to change part of its business or products or increase its administrative expenses to comply with the changed regulatory requirements which again will involve an increase of cost for the Issuer. Such possible increase in costs would adversely affect the Issuer's financial situation and profits and its ability to make payments under the Notes.

Competition Risk. In each jurisdiction in which the Issuer is active it is subject to extensive competition with other entities. If the Issuer should not be able to continue to compete successfully with such competitor

entities, this may lead to a loss in market share which would have a significant adverse effect on the Issuer's financial situation and profits and its ability to make payments under the Notes.

Reputational Risk. The Issuer constantly depends on generating new business. Therefore, the Issuer continuously negotiates with business partners and clients in order to generate new business. A deterioration of the Issuer's business reputation, particularly in form of negative media publicity, may have the effect that potential clients and business partners decide against entering into business transactions with the Issuer. This may indirectly have an adverse effect on the profitability and therefore the credit rating of the Issuer and its ability to make payments under the Notes.

Operational Risk / Business Risk. For its business operations the Issuer depends on access to human resources and infrastructure to ensure its profitability and credit rating in the long term. Operational incidents (e.g. natural disasters, accidents and terrorist action), which prevent the normal course of business, may lead to adverse economic consequences for the Issuer. This similarly applies to a loss of personnel which cannot be compensated by counteractive measures, such as new hiring or transfer of personnel. The Issuer tries to compensate for losses potentially caused by operational risk by utilising hedging strategies. As such, the business risk describes the risk that these hedging strategies fail or that they are not able to compensate for all losses, which may have a negative effect on the financial situation and the business performance of the Issuer. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the FSA.

Volatility. The term "volatility" refers to the actual and anticipated frequency and magnitude of changes of the market price (if any) of a Note. Volatility is affected by a number of factors such as macro-economic factors, speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of the Notes means prices will move up and down over time (sometimes more sharply than others).

Creditworthiness of the Issuer. Any person who purchases the Notes is relying upon the creditworthiness of the Issuer and of RBS Holdings (pursuant to its declaration under Article 2:403 of the Netherlands Civil Code) and has no rights against any other person, including but not limited to the Reference Entity and the shares of the funds comprising the Index or any sponsor of either any such fund or the Index. The Notes constitute unsecured and unsubordinated obligations of the Issuer and of no other person.

Prospective investors should be aware that the risks related to the Issuer are not limited to the risks set out immediately above, and should see also the "Risk Factors" section in the Registration Document.

Factors which are material for the purpose of assessing the market risks associated with the Notes

The Notes are notes which entail particular risks. The Notes to be issued are investment instruments which (other than any applicable Unwind Interest Amounts upon redemption following satisfaction of Conditions to Settlement or the occurrence of an Index Event) do not bear interest and which at maturity or early redemption (in the event of illegality, a hedging disruption or an event of default in respect of the Issuer only) will be redeemed at an amount which may be less than the nominal amount. As such, an investment in the Notes may result in the Holder losing some or, in certain limited cases, all of his initial investment. The price at which a Holder will be able to sell Notes prior to their redemption may be at a substantial discount to the market value of the Notes at the issue date depending upon the performance of the Reference Entity and the Index at the time of sale.

The Notes may not be a suitable investment for all investors. Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of the Reference Entity, the Index and the relevant financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the prospective investor's overall investment portfolio.

Current Market. Prospective investors should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors

suffering losses on the Notes in secondary market sales even if there is no decline in the creditworthiness of the Reference Entity, the performance of the Index or the Index Option or the creditworthiness of the Issuer or its group. The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes at that time.

Certain countries in Europe currently have large sovereign debts and/or fiscal deficits and this has led to uncertainties in the markets as to whether or not the governments of those countries will be able pay in full and on time the amounts due in respect of those debts. These concerns have led to significant spikes in secondary market yields for sovereign debt of the affected countries (especially Greece, Spain, Portugal, Ireland and, to a lesser extent, Italy) and also to significant exchange rate volatility, especially with respect to the Euro. Further, the continued concern about the fiscal positions of the governments of the affected countries has also raised concerns regarding the exposures of banks to such countries, especially banks domiciled within Europe. These concerns may lead to such banks being unable to obtain funding in the interbank market, which may cause such banks to suffer liquidity stress and potentially insolvency. As at the date of this Prospectus, there has not been a recurrence of the inter-bank funding dislocations experienced in 2008. However, if the current concerns over sovereign and bank solvency continue, there is a danger that inter-bank funding may become generally unavailable or available to most banks only at elevated interest rates. If this were to happen, investors may suffer market value and/or credit losses in respect of the Notes.

Risks relating to the Notes generally

The value of the Notes may move up and down between their date of purchase and their maturity date. Holders may sustain a total loss of their investment. Prospective investors should therefore ensure that they understand fully the nature of the Notes before they invest in the Notes.

Several factors, many of which are beyond the Issuer's control, will influence the value of the Notes at any time, including the following:

Notes are Unsecured Obligations. The Notes constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

Holders have no ownership interest in any Reference Obligation, the Index Option or the Index. The Notes convey no interest in the Reference Obligation, the Index Option or the Index. The Issuer may choose not to hold the Reference Obligation, the constituent assets notionally comprised in the Index or any derivatives contracts linked to them. In the event of any situation in which the amount paid to a Holder on redemption of the Notes is less than the Holder's initial investment, a Holder will not have recourse to the Reference Entity, the Reference Obligation, the Index Option, the Index or any constituent assets notionally comprised in the Index.

Modifications. The Conditions provide that the Issuer may, without the consent of the Holders, modify any provision of the Conditions which is: (i) of a formal, minor or technical nature; (ii) made to correct a manifest or proven error; or (iii) in its absolute discretion, not materially prejudicial to the interests of the Holders. Any such modification may have an adverse impact on the value of the Notes. In addition the Calculation Agent is entitled to make certain modifications to the Notes.

Hedging and other Potential Conflicts of Interest. The Issuer and/or any of its Affiliates or agents may engage in activities that may result in conflicts of interests between its and its Affiliates' or agents' financial interests on the one hand and the interests of the Holders on the other hand. The Issuer and/or any of its Affiliates or agents may also engage in trading activities (including hedging activities) related to the Reference Entity and the Index underlying the Notes and other instruments or derivative products based on or related to the Reference Entity and the Index for their proprietary accounts or for other accounts under their management. The Issuer also may enter into arrangements with Affiliates or agents to hedge market risks associated with its obligations under the Notes. Any such Affiliate or agent would expect to make a profit in connection with such arrangements. The Issuer might not seek competitive bids for such arrangements from unaffiliated parties.

The Calculation Agent is an Affiliate of the Issuer and in such capacity may make certain determinations and calculate amounts payable or deliverable to Holders. Under certain circumstances, the Calculation Agent as an Affiliate of the Issuer and its responsibilities as Calculation Agent for the Notes could give rise to potential conflicts of interest between the Calculation Agent and the Holders. In performing its services in

relation to the Notes, the Calculation Agent may in certain circumstances have a wide discretion and does not, in any case, act on behalf of, or accept any duty of care or fiduciary duty to any Holder or, except as required by law, any other person. Subject to regulatory obligations, the Calculation Agent will pursue actions and take steps that it deems necessary or appropriate in accordance with the Conditions without regard to the consequences for Holders. The Calculation Agent may at any time be in possession of information in relation to the Notes which may not be available to Holders. There is no obligation on the Calculation Agent to disclose such information to Holders.

Actions taken by the Issuer may affect the value of the Notes. The Issuer and/or any of its Affiliates may carry out activities that minimise its and/or their risks related to the Notes, including effecting transactions for their own account or for the account of their customers and may hold long or short positions in relation to the Reference Entity and the Index whether for risk reduction purposes or otherwise. In addition, in connection with the offering of any Notes, the Issuer and/or any of its Affiliates may enter into one or more hedging transactions in relation to the Reference Entity and the Index. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its Affiliates, the Issuer and/or any of its Affiliates may enter into transactions in relation to the Reference Entity and the Index which may affect the market price, liquidity or value of transactions in relation to the Reference Entity, the Index and/or the Notes and which could be deemed to be adverse to the interests of the Holders. The Issuer and/or its Affiliates are likely to modify their hedging positions throughout the life of the Notes whether by effecting transactions in relation to the Reference Entity and the Index or in derivatives in relation to the Reference Entity and the Index.

The Notes may be redeemed prior to their stated maturity date in the event of an illegality or a hedging disruption or upon an event of default in respect of the Issuer. If the Issuer determines that the performance of its obligations under the Notes has become illegal or impractical in whole or in part for any reason or the Issuer determines that it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Notes for any reason, the Issuer may at its discretion and without obligation redeem the Notes early. If an event of default occurs in respect of the Issuer, a holder of one or more Notes may declare the Note(s) held by it to be due and payable, in accordance with the Conditions. If the Issuer redeems the Notes early, the Issuer will, if and to the extent permitted by applicable law, pay the holder of each such Note an amount determined by the Calculation Agent to be its fair market value less (i) the cost to the Issuer or certain other parties of unwinding any underlying related hedging arrangements and (other than following an event of default) (ii) the Tax Amount, notwithstanding the illegality or impracticality. In such circumstances, a Holder may receive less than the payment that would otherwise be made on the Notes.

Taxes may be payable by investors. Prospective investors and sellers of the Notes should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Notes are transferred. Holders are subject to the provisions of General Condition 10

and payment of any amount due in respect of the Notes may be conditional upon the payment of any Expenses (including amounts in respect of tax) as provided in the Product Conditions.

Prospective investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, prospective investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time and depend on a prospective investor's individual circumstances. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

EU Savings Directive. Under EC Council Directive 2003/48/EC on the taxation of savings income (which has been implemented into UK law), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor the Principal Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

Risks associated with Notes held in global form. The Notes will initially be held by or on behalf of one or more clearing systems (each a "**Relevant Clearing System**") in the form of a global Note which will be exchangeable for definitive Notes only in the event of the closure of all Relevant Clearing Systems. For as long as any Notes are held by or on behalf of a Relevant Clearing System, payments of any amounts due in respect of the Notes will be made through the Relevant Clearing System, where required, against presentation or surrender (as the case may be) of the relevant global Note and, in the case of a temporary global Note, certification as to non-U.S. beneficial ownership. Holders bear risk with regard to the Relevant Clearing System and any entity holding a global Note because the Issuer and the Principal Agent will treat the bearer of the global Note, typically a depository for the Relevant Clearing System, as the sole holder of the Notes with respect to the any amounts payable in respect of the Notes.

Notes which are held by or on behalf of a Relevant Clearing System will be transferable only in accordance with the rules and procedures for the time being of such Relevant Clearing System and applicable Polish laws.

The return on an investment in Notes will be affected by charges incurred by investors. An investor's total return on an investment in any Notes will be affected by the level of fees charged by the nominee service provider, if any, and/or Relevant Clearing System used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest, principal and other amounts. Prospective investors are therefore advised to investigate the basis on which any such fees will be charged on the Notes.

Purchasing the Notes as a hedge may not be effective. Any person intending to use the Notes as a hedge instrument should recognise the correlation risk. The Notes may not be a perfect hedge to any exposure to the Reference Entity, the Index Option or the Index. In addition, it may not be possible to liquidate the Notes at a level which directly reflects the creditworthiness of the Reference Entity, the Index Option or the performance of the Index.

There may be a change of law which may affect the value of the Notes. The Conditions are based on English law and administrative practice in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to English law or administrative practice after the date of this Prospectus.

No Due Diligence. In connection with the issue of the Notes, none of the Issuer nor any member of its group has made or is making or will make any representations whatsoever as to (i) the Reference Entity, its creditworthiness or any information contained in any document filed by the Reference Entity with any exchange or with any regulatory authority or governmental entity, or (ii) the Index or any constituent asset notionally comprised in the Index.

Risks relating to the Reference Entity

The Notes are exposed in part to the creditworthiness of the Reference Entity. Following the occurrence of a Credit Event and satisfaction of certain conditions, the Notes will be redeemed at their applicable Event Redemption Amount, which may be significantly less than the nominal amount and may, in some cases be zero. Prospective investors should be aware of the risks associated with the credit linked features of the Notes.

Creditworthiness of the Reference Entity. The market price of the Notes at any time is expected to be affected by changes in the creditworthiness of the Reference Entity. It is impossible to predict how the creditworthiness of the Reference Entity will vary over time. Factors which may have an effect on the creditworthiness of the Reference Entity include the financial position and prospects of the Reference Entity. In addition, the creditworthiness of the Reference Entity may depend on a number of interrelated factors, including economic, financial and political events and their effect on the capital markets generally and relevant stock exchanges. Prospective investors should also note that whilst the market value of the Notes is linked to the creditworthiness of the Reference Entity and will be influenced (positively or negatively) by it, any change may not be comparable and may be disproportionate. It is possible that while the creditworthiness of any Reference Entity is increasing, the value of the Notes may fall. Further, where no market value is available for the Reference Obligation, the Calculation Agent may determine its value to be zero.

Credit Risk and Credit Events. Amounts payable in respect of the Notes are dependent upon, among other things, whether a Credit Event occurs in relation to the Reference Entity at any time prior to maturity of the Notes and also upon the creditworthiness of the Issuer.

Following the occurrence of an Obligation Default or Restructuring in relation to the Reference Obligation (and satisfaction of Conditions to Settlement) the Issuer's obligation to pay principal will be replaced by an obligation to pay the Event Redemption Amount, calculated by reference to the value of the Reference Obligation, which amount shall be payable on the final maturity date of the Notes. An Obligation Default occurs only if the relevant default under the Reference Obligation results in at least PLN 1.00 in aggregate amount of the Reference Obligation being capable of being declared due and payable before the Reference Obligation's scheduled maturity date.

The price of the Reference Obligation is determined by reference to market dealer quotations and the Calculation Agent has considerable discretion in obtaining such quotations and in determining the Unwind Costs, if applicable, to be deducted from the Event Redemption Amount. See "*Valuation following a Credit Event*" below.

If a Credit Event occurs in respect of the Reference Entity, Holders of Notes may receive less than would otherwise be payable under the Notes.

2003 ISDA Credit Derivatives Definitions. While there are many similarities between the terms used in this Prospectus and the terms used in the 2003 ISDA Credit Derivative Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") and as supplemented from time to time (the "**Credit Derivative Definitions**"), there are a number of differences. In particular, the Issuer has determined that certain provisions of the Credit Derivatives Definitions, which are intended for use by market participants in "over the counter" transactions, require amendment when incorporated in the terms of an offering of securities such as the Notes. Therefore, a prospective investor should understand that the complete terms and conditions of the Notes are as set out in this Prospectus and that the Credit Derivative Definitions are not incorporated by reference herein. Consequently, investing in Notes is not necessarily equivalent to investing in a credit default swap that incorporates the Credit Derivatives Definitions.

While ISDA has published and supplemented the Credit Derivatives Definitions in order to facilitate transactions and promote uniformity in the credit derivatives market, the credit derivatives market has evolved over time and is expected to continue to change. Consequently, the Credit Derivatives Definitions and the terms applied to credit derivatives are subject to further evolution. Past events have shown that the views of market participants may differ as to how the Credit Derivatives Definitions operate or should operate. As a result of the continued evolution in the market, the Notes may not conform to future market standards. Such a result may have a negative impact on the Notes.

There can be no assurances that changes to the terms applicable to credit derivatives generally will be predictable or favourable to the Issuer or the Holders. Future amendments or supplements to the terms applicable to credit derivatives generally will only apply to Notes that have already been issued if the Issuer amends such Notes to incorporate such amendments or supplements and other conditions to amending the Notes have been met.

Increase of risk due to the replacement of a Reference Entity or succession. The Reference Entity may be replaced due to events beyond the control of the Issuer, such as the merger of a corporate entity with another entity, in which case the Reference Entity may be replaced by its successor. Each such replacement may result in a Credit Event in respect of the Notes and in an increase in the risks involved for the Holders.

Valuation following a Credit Event. The Event Redemption Amount will be determined by reference to the quotations given by market dealers for the Reference Obligation on one or more valuation dates and/or determining the fair market value of a relevant holding of the Reference Obligation and any substitute Reference Obligations.

In certain circumstances the Calculation Agent may and is entitled to:

- (i) choose a date for valuation when the Reference Obligation is at their lowest or highest value;
 - (ii) act as a dealer and provide quotations (or an Affiliate of the Calculation Agent may do so);
- and

- (iii) determine the relevant Unwind Costs, if any, to be deducted from the Event Redemption Amount.

Any of these actions may cause the Event Redemption Amount received by Holders to be lower than would otherwise be the case.

In addition, in the event that one or more Substitute Reference Obligations have been identified as of the Valuation Date, the Calculation Agent will have wide discretion to determine the value of the Substitute Reference Obligation(s) by reference to amounts that would be received by a hypothetical investor in the assets constituting the Substitute Reference Obligation(s). Any such amounts so determined will be binding on investors and may be significantly different from amounts calculated by reference to alternative quotations obtained in the market, if and to the extent such quotations are available.

There may be no liquid market for the Reference Obligation and its valuation can be below Issuer's expectations

The Reference Obligation represents an investment made in a form of private placement for which there may be no liquid market. The market prices, if any, of securities similar to the zero-coupon bonds which constitute the Reference Obligation tend to be more volatile than market prices of securities that are not privately-placed and it may be impossible to sell these securities when desired and prior to their maturity or to realise their fair value in the event of a sale. To the Issuer's knowledge there are no plans for the zero-coupon bonds which constitute the Reference Obligation to be listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for the Reference Obligation, it is likely to be less liquid than publicly traded securities. There may be substantial delays in attempting to sell the zero-coupon bonds constituting the Reference Obligation to an entity other than the Reference Entity and prior to maturity of these bonds. Although these zero-coupon bonds may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid and less than the prices at which similar publicly traded securities might be sold.

If Conditions to Settlement are satisfied, then RBS N.V. (as Calculation Agent) may have to obtain valuations in respect of the Reference Obligation, and also (in other capacities) in respect of other similar obligations of the Reference Entity and/or credit linked notes referencing debt similar to the Reference Obligation. Furthermore, other banks may be selling similar debt obligations at the same time. Market appetite for a large volume of defaulted debt of the Reference Entity is likely to be limited and may result in low bids for the Reference Obligation.

General Risks relating to Notes linked to a Reference Entity and a Reference Obligation. The Issuer, the Dealer(s) or any of their respective Affiliates may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Reference Entity and/or the Reference Obligation that they may not disclose. Prospective investors must therefore make an investment decision based upon their own due diligence in relation to these matters and purchase the Notes in the knowledge that non-public

information which the Issuer, the Dealer(s) or any of their respective Affiliates may have will not be disclosed to investors. None of the Issuer, the Dealer(s) or any of their respective Affiliates is under any obligation (i) to review on the Holders' behalf, the business, financial conditions, prospects, creditworthiness, status or affairs of the Reference Entity or conduct any investigation or due diligence into the Reference Entity or the Reference Obligation or (ii) other than as may be required by applicable rules and regulations relating to the Notes, to make available (a) any information relating to the Notes or (b) any non-public information they may possess in respect of the Reference Entity or the Reference Obligation.

The Issuer's obligations in respect of the Notes are irrespective of the existence or amount of the Issuer's and/or any Affiliates' credit exposure to the Reference Entity or the Reference Obligation and the Issuer and/or any Affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

Risks relating to the Index

THE FOLLOWING IS WITHOUT PREJUDICE TO THE ISSUER'S RESPONSIBILITY FOR THE RISK FACTORS AS SET OUT ABOVE.

IN ADDITION TO THE RISKS DESCRIBED BELOW IN THIS SECTION, THE FUND PROSPECTUSES CONTAIN INFORMATION RELATING TO THE RISKS INVOLVED IN THE FUNDS. THE FUND PROSPECTUSES ARE AVAILABLE FREE OF CHARGE FROM THE OFFICES OF NOBLE SECURITIES SA IN KRAKOW. SUMMARIES OF EACH OF THE FUNDS ARE INCLUDED FOR REFERENCE AT ANNEX 1 TO THIS PROSPECTUS.

The performance of the Notes is dependent in part upon the performance of an option on the Index and therefore on the Index, which references the performance of the notional investment in the Fund Shares and in turn is dependent on the fund managers' skills in making appropriate investments. As a result, the Funds may under-perform the stock or fixed income market. Also, the Index and/or any individual Fund could fail to meet its investment objectives. No assurance can be given with respect to the performance of the fund managers or the Funds and neither the Issuer, the Calculation Agent, the Funds nor the fund managers shall have any liability to Noteholders in the event that the Index performs poorly. An investment in the Index involves a high degree of risk and is subject to a number of risk factors inherent in the investment strategies that will be deployed by the fund managers.

Noteholders should further note that all investments risk the loss of capital. No guarantee or representation is made that the Index will achieve its investment objective. In addition, there are risks associated with investing in the Index (some of which are summarised below) that are not applicable to typical investments in the public equity markets. Prospective investors in the Notes should carefully review the risks associated with investing in the Index, and the fund shares comprising the Index, with their financial, tax and legal advisors.

Investing in the Funds involves various risks. There can be no assurance that the Funds' investments will be successful or that the Funds' investment objectives will be attained. Accordingly, an investment in the Index and, as a consequence, in relation to the Funds comprising the Index, is speculative in nature and suitable only for sophisticated investors who are aware of the risks involved in an investment linked to the Funds. Investors must have the ability and willingness to accept (i) the potentially illiquid nature of investment in the Index Option and the Fund Shares and (ii) the risk of the potential total loss of capital resulting from an investment in structured Notes in general and in the Funds.

THE ISSUER DISCLAIMS ANY RESPONSIBILITY TO CONDUCT ANY DUE DILIGENCE WITH RESPECT TO THE FUNDS OR ANY OF THE FUND SERVICE PROVIDERS OR ANY INFORMATION PRESENTED BY THE FUNDS OR ANY OF THE FUND SERVICE PROVIDERS. PROSPECTIVE INVESTORS IN THE NOTES SHOULD NOTE THAT THE ISSUER DOES NOT MAKE ANY REPRESENTATION, WARRANTY OR GUARANTEE RELATING TO ANY DUE DILIGENCE IT

MAY OR MAY NOT CONDUCT OR HAVE CONDUCTED. PROSPECTIVE INVESTORS IN THE NOTES ARE ADVISED TO CAREFULLY CONDUCT THEIR OWN DUE DILIGENCE WITH RESPECT TO THE FUNDS AND ANY OF THE FUND SERVICE PROVIDERS.

Noteholders should note in particular the following:

Investors should note that this document contains an explanatory description of the strategy and calculation methodology of the Index. The technical description of the Index is available from the offices of the Index Sponsor at The Royal Bank of Scotland plc, 250 Bishopsgate, London EC2M 4AA, UK.

The Notes are exposed in part to the Index Option and, as a consequence, to the Index. Following the occurrence of an Index Event, the Notes will be redeemed at their applicable Event Redemption Amount, the value of which will be determined by reference to, among other things, the value of the Index Option at such time. Prospective investors should be aware of the risks associated with the index linked features of the Notes.

Risks relating to the constituent assets notionally comprised in the Index. The level of the Index is based on the value of the assets notionally comprised in the Index (such assets being fund shares) and is represented by an index level determined by the index sponsor in accordance with a pre-determined strategy and methodology. Prospective investors should understand that global economic, financial and political developments, among other things, may have a material effect on the value of the fund shares notionally comprising the Index and/or the performance of the Index.

Fluctuations in the value of the Index and changes in the price or market value or level of the fund shares notionally comprised in the Index and/or changes in the circumstances of the issuers of such fund shares, might have an adverse effect on the level of the Index and affect the value of Notes.

In addition, the movements in the level of the index may be subject to significant fluctuations that may not correlate with changes in economic factors, including changes in interest rates, currencies or other indices and the timing of changes in the level of the Index may affect the actual yield to investors, even if the average level is consistent with their expectations.

Potential Index Events and Consequences. Upon the occurrence of Potential Index Event, the Issuer may at its discretion take any of the actions described in (i) – (iii) below:

- (i) require the Calculation Agent to determine the appropriate adjustment(s), if any, to be made to any terms of the Conditions to account for the Potential Index Event and determine the effective date(s) of such adjustment(s);
- (ii) require the Calculation Agent to replace the Index with an alternative index selected by the Calculation Agent in its discretion, which may include the existing Index as amended by the Index Sponsor, and make such adjustment(s) to any terms of the Conditions as the Calculation Agent deems necessary or desirable in relation to the substitution of the Index;

- (iii) determine that an Index Event has occurred and require the Calculation Agent to determine the Mandatory Unwind Amount applicable in respect of each Note.

Any such actions may have an adverse affect on the performance of the Notes and may result in the Notes being redeemed at an amount significantly lower than the Nominal Amount.

Specific risks in relation to the Index.

- (i) *Index Leverage.* The application of the volatility control overlay can cause exposure to the constituent fund shares notionally comprised in the Index to vary between 0% and 150%. As such, such exposure can be leveraged during periods of low volatility. Leverage has the ability to magnify both gains and losses.
- (ii) *Allocation to cash.* Where the allocation to the constituent fund shares notionally comprised in the Index is above 100%, cash will be borrowed at the overnight USD Libor rate plus 50 basis points to fund such extra allocation. In periods of high volatility or if the market trend feature is triggered the Index will allocate up to 100% to cash protecting any achieved gains, which allocation will also limit the potential positive performance.
- (iii) *Market Trend.* The Index is designed to detect the market trend of the Fund Basket by observing certain performance features over a defined period. When the Index detects a downward trend, exposure to the Fund Basket may be reduced (or eliminated altogether) for a period. Subsequent moves in the Fund Basket against the trend detected may cause the Index to perform less well than if no allocation adjustments had been implemented. If the market trend feature is triggered, the exposure to the constituent fund shares notionally comprised in the Index will be zero for a certain period of time. This means that the Index will not benefit from any upward movement in the performance of the constituent fund shares notionally comprised in the Index during that time.
- (iv) *Simulated operating history.* The Index was first calculated in July 2010 and therefore lacks genuine historical performance. The Royal Bank of Scotland N.V. acting through its London Branch has retrospectively calculated the closing levels of the Index from 16 October 2001 (the "**Index Inception Date**") based on the Index Rules and historical data from sources the Calculation Agent deems reliable. The shown levels of the Index are net of all costs, adjustments and fees. Such levels are simulated, hypothetical and illustrative only and may materially differ from the actual performance of the Index if it had been calculated on an actual day-by-day basis. Past performance should not be considered indicative of future performance.
- (v) *Calculation Agent Amendments to Index.* Prospective investors should be aware that the Calculation Agent may in certain circumstances amend or restate any published index level

without liability to Noteholders. Any such amended or restated level may be lower than the published level and may therefore have an adverse effect on the value of the Notes.

Operating Histories

The past performance of any of the Funds and the Index is no guarantee of future results. No representation or warranty, whether implied or otherwise, is given by the Issuer as to the future performance of the Funds or the Index. It should be noted that Fund 5 (the Market Access - RICI Enhanced Commodity Index Fund) was established after the Index Inception Date and the net asset values used for the purposes of backtesting information and published past Index Levels have been estimated based on the returns of the Market Access RICI Enhanced Commodity Index less 85 basis points per annum.

Limited Information

The Issuer is not a source of advice, information or credit analysis with respect to the Funds or the assets comprising the portfolio of the Funds. In particular, this document does not constitute investment advice. The Issuer does not assume any obligation to or relationship of agency or trust with any Noteholder or prospective investor in the Notes. In addition, the Issuer does not have the ability to control or predict the actions of any of the principals or advisers of the Funds, the fund managers or the fund advisers. No such principal or adviser is involved in the offer of the Notes in any way and none has any obligation to consider the interest of Noteholders in taking any corporate action or investment decision that might adversely affect the value of the Fund Shares and thus the value of the Notes.

Fund Managers

The performances of the Funds are dependent upon the fund managers' and more in particular the key persons' skill and expertise in making appropriate investments. There can be no assurance that the key persons will continue to be employed by the fund managers or to function on behalf of the Funds. Prospective investors should note that if the key persons or any such other individuals becomes incapacitated or in some other way cease to participate in the Funds, the Funds' performance may be adversely affected.

Investment Decisions

Prospective investors should note that Fund investment decisions are ultimately be made by the fund managers and are not controlled by an independent advisory body.

Averaging

Prospective purchasers and holders of the Notes should be aware that the calculation of the Index related part of the cash amount is not based on a single closing level of the Index, but on the average of the closing levels of the Index on the averaging dates. This may have the effect that the final calculation level can be well below the level of the Index at maturity.

Other risks relating to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk and credit risk.

Possible Illiquidity of the Notes in the Secondary Market. It is not possible to predict the price at which Notes will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer intends to, but is not obliged to, list or admit the Notes to trading on the regulated market of the Warsaw Stock Exchange. If the Notes are not so listed and admitted to trading, pricing information for the Notes may be more difficult to obtain and the liquidity of the Notes may be adversely affected. If the Issuer does list or admit to trading the Notes, there can be no assurance that, at a later date, the Notes will not be delisted or that trading on such stock exchange will not be suspended.

The Issuer cannot assure Holders that a market for their Notes will ever develop or be maintained. Many factors independent of the creditworthiness of the Issuer affect the trading of the Notes. These factors include:

- (a) the complexity and volatility of the Index;
- (b) the risks, including default risk, associated with the Reference Entity and the Reference Obligation;
- (c) the method of calculating amounts payable, if any, in respect of the Notes;
- (d) the number of Notes outstanding;
- (e) the settlement features of the Notes;
- (f) the amount of other securities linked to the Reference Entity, the Index Option and/or to the Index;
and
- (g) the level, direction and volatility of market interest rates generally.

In addition, the Notes are designed for specific investment objectives or strategies and, therefore, may have a more limited secondary market and experience more price volatility. Holders may not be able to sell the Notes readily or at prices that will enable them to realise their anticipated yield. No prospective investor should purchase Notes unless such prospective investor understands and is able to bear the risk that the Notes may not be readily saleable, that the value of such Notes will fluctuate over time, that such fluctuations may be significant and that such prospective investor may lose all or a substantial portion of the purchase price of the Notes.

The Issuer or any of its respective Affiliates may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private treaty for their own account for business reasons or in connection with their hedging arrangements. Any Notes so purchased may be held or resold or surrendered for cancellation. The Issuer or any of their respective Affiliates may, but is not obliged to, be a market-maker for an issue of Notes. Even if the Issuer or such other entity is a market-maker for the Notes, the

secondary market for the Notes may be limited. To the extent that the Notes becomes illiquid, an investor may have to wait until the Maturity Date to realise value. These activities may affect the price of such obligations or securities in a manner that would be adverse to a Holder's investment in the Notes. The Issuer and their respective Affiliates have not considered, and are not required to consider, the interest of investors as Holders in connection with entering into any of the above mentioned transactions.

Credit ratings may not reflect all risks. One or more independent credit rating agencies may assign credit ratings to the Issuer or any substitute Issuer. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. The rating assigned to the Issuer or any substitute Issuer may increase or decrease over time. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Market value of the Notes. The value of the Notes at any time may be volatile. The value of the Notes may move up and down between the date purchased and the Maturity Date. Several factors, many of which are beyond the control of the Issuer, will influence the value of the Notes, including:

- the price at which the credit risk of the Reference Entity and the Reference Obligation are valued in credit derivative markets and debt markets at any relevant time. These prices will themselves be affected by a number of factors and may have a significant effect on the value of the Notes even if a Credit Event does not occur;
- the performance of the Index from time to time;
- the volatility (that is, the frequency and magnitude of changes) of prices quoted or otherwise indicated in the credit derivatives and debt markets;
- interest and yield rates in the markets generally;
- the time to maturity of the Notes; and
- economic, financial, political, regulatory or judicial events which may affect the market price of the Notes.

Some or all of these factors will influence the price which the Holders will receive if they sell the Notes. The price at which a Holder will be able to sell Notes prior to the Maturity Date may be at a discount, which

could be substantial, to the value of the Notes at the Issue Date, due to (amongst other things) the foregoing factors.

Emerging Markets Risks. The components of the Index to which the Notes are linked are associated with, and in some cases denominated in the currencies of, emerging markets jurisdictions. Emerging markets jurisdictions may be characterised as politically unstable and/or lacking a stable and fully developed economy and financial system and/or lacking in established rule of law. Emerging markets investments generally have greater risks than those from more-developed jurisdictions including political risk, economic risk, currency risk, market risk, regulatory/legal risk and shareholder risk as further described below:

- *Political risk:* The relative instability of political systems of emerging markets jurisdictions may leave them more vulnerable to public unrest and instability. Such circumstances, in turn, could lead to a reversal of some or all economic or political reform including such policies as confiscatory taxation, exchange controls or expropriation of foreign-owned assets without adequate compensation. Any such policies could have an adverse effect on the value of the Index and, in turn, the Notes.
- *Economic risk:* Businesses and governments of emerging markets jurisdictions may be relatively inexperienced in dealing with difficult market conditions (such as the on-going global recession) and may have a limited capital base from which to borrow funds. In addition, an emerging markets jurisdiction may lack a developed banking sector and its financial institutions may not be adequately regulated. These factors, among other economic issues, could affect the functioning of the economy and have a corresponding adverse effect on the performance of the Index and, in turn, the Notes.
- *Currency risk:* Amounts denominated in the currencies of emerging markets jurisdictions may be subject to greater volatility and possibly the suspension of the ability to exchange or transfer currency, or the devaluation of the currency.
- *Market risk:* The financial systems and markets of emerging markets jurisdictions may lack the level of transparency and liquidity found in more developed markets. As a result, such markets may suffer from extreme price volatility, price discrepancies and lack of liquidity. Any such circumstances or events may have an adverse effect on the performance of the Index and, in turn, the Notes.
- *Regulatory/Legal risk:* In emerging markets jurisdictions there may be less government regulation of business and industry practices, stock exchanges, over-the-counter markets and market participants than in more developed countries. Legislation to safeguard the rights of private ownership and to prevent stock market manipulation may not be fully developed and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and may be subject to change with retroactive effect. The holder of a Note may not be

able to pursue legal remedies in the courts of such jurisdictions. Any such circumstances or events may have an adverse effect on the performance of the Index and, in turn, the Notes.

- *Shareholder risk:* Rules in emerging markets jurisdictions regulating the ownership and corporate governance of companies may not exist or may provide little protection to shareholders. Disclosure and reporting requirements in general may be minimal or non-existent. There may be no prohibitions or restrictions under local law on the ability of management to terminate existing business operations, sell or dispose of assets, or otherwise materially affect the value of the company without the consent of its shareholders. Anti-dilution protection may also be very limited. There may be little or no fiduciary duty on the part of management or the directors to the company or to the shareholders as a whole or minority shareholders. Remedies for violations of shareholders' rights may be difficult to obtain. Any such circumstances or events may have an adverse effect on the performance of the Index and, in turn, the Notes.

By investing in the Notes each Noteholder is deemed to represent that:

(a) Non-Reliance

It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) from the Issuer or the Calculation Agent as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer or the Calculation Agent shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.

(b) Assessment and Understanding

It is capable of assessing the merits of (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of, the investment in the Notes. Further, it is also capable of assuming, and assumes, the risks of the investment in the Notes. Furthermore, it either is capable of making its own determinations or has sought independent advice on issues relating to the regulatory capital treatment and accounting treatment that would be applicable to it following an investment in the Notes.

(c) Status of Parties

The Issuer nor the Calculation Agent is acting as a fiduciary for, or adviser to, it in respect of the investment in the Notes.

(d) Tax Advice

It has received independent tax advice and is not relying on any communication (written or oral) from the Issuer or the Calculation Agent as tax advice.

(e) Conflicts of Interest

It understands that the Issuer, the Calculation Agent or a member of its group, or some other person connected with it, will, when it performs the obligations set out in the Conditions, have an interest, relationship or arrangement that is material to, or may conflict with, such obligations. It further understands that such entity or person shall not be required to disclose such interests, relationships or arrangements to any Noteholder or to account for or disclose any profit, charge, commission or other remuneration arising in respect of such interests.

None of the Issuer or the Calculation Agent is acting as an investment adviser or manager or providing advice of any nature and neither assumes any fiduciary obligations whatsoever to any investors in the Notes or any other party.

(f) No Deposit

It understands that any investment in the Notes does not have the status of a bank deposit and is not within the scope of any deposit protection scheme.

QUESTIONS AND ANSWERS

The following section answers some questions that prospective investors might have regarding the Notes, in general terms only. It does not contain all the information which may be important to prospective investors. Prospective investors should read the Conditions of the Notes, the Summary, the Risk Factors and the more detailed information that is contained elsewhere in this Prospectus or is incorporated by reference in such documents. In addition, prospective investors should consult with their investment, legal, accounting, tax and other advisors with respect to any investment in the Notes.

The information contained in this section is subject in its entirety to the Conditions of the Notes.

What are the Notes?

The Notes are investment instruments issued by The Royal Bank of Scotland N.V. linked to the credit risk of the Reference Entity and to the performance of the Index. The Notes are Credit and Index Linked Notes, under which the investor assumes exposure to one reference entity and to an index comprised of shares of a number of existing funds. Through the index, investors may benefit from (and are exposed to the risk of) asset values in emerging markets and commodities markets.

The Notes constitute the Issuer's unsecured and unsubordinated obligations and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

Credit events in respect of the Reference Entity and Index Events in respect of the Index will have an effect on the payments under the Notes. The aggregate amount payable to the investor at maturity may be less than, or significantly less than, the amount payable if no credit event and/or no index event had occurred.

Payment on the Notes may deduct certain expenses of the Issuer. Certain payments on the Notes resulting from the occurrence of credit events will deduct the Issuer's unwind costs (see below) relating to such credit events.

Unless the Notes are redeemed early pursuant to the Conditions and provided that no credit event occurs in relation to the reference entity and no index event occurs in relation to the Index, the Notes will redeem at their Cash Amount at maturity.

What should I read before investing? You should carefully read and understand this Prospectus prior to investing in the Notes. You should note that the Summary section of this Prospectus must be read only as an introduction to this Prospectus. Any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference.

This Prospectus contains information about the Issuer, the general terms and conditions of the Notes and general information about the offer and issue of the Notes, the specific terms and conditions of the Notes together with information about how investors can purchase them, product specific risk factors and other product specific information.

A strategy description in respect of the Index, which describes the strategy and calculation methodology of the Index, is available to prospective investors upon request at (i) the office of any Distributor and (ii) the offices of the Index Sponsor at The Royal Bank of Scotland plc, 250 Bishopsgate, London EC2M 4AA, UK.

An internet link to information on the Reference Entity is included in the Prospectus on page 123 http://inwestorzy.noblebank.pl/raporty_okresowe_kwartalne.html and you should follow this and make other enquiries to make your own assessment of the likely performance of the Reference Entity and the Reference Obligation.

Investors may request copies of this Prospectus and the documents incorporated by reference herein free of charge from the Issuer and the Principal Agent.

What are the risks of investing in any Notes? Before making an investment in the Notes, you should carefully consider all of the information set out in the Prospectus as well as your own personal circumstances. You should have particular regard to, among other matters, the considerations described under the heading "*Risk Factors*" on pages 17 to 40 of this document.

In order to offer the possibility of higher returns, the Notes carry higher risks. You should review the Prospectus to understand whether your investment is designed to be at risk and the terms on which your investment will be repaid.

What are Credit and Index Linked Notes? Credit and Index Linked Notes are non-interest bearing Notes in respect of which the amount payable at maturity is linked to the credit risk of the specified underlying entity (the "**Reference Entity**") and to the performance of an index, in this case comprised of specified fund shares. In exchange for the return (if any) on the Notes in the absence of a Credit Event and/or an Index Event, investors take the risk that the amount which they receive at maturity will be less than the face value of the Note if either (i) the underlying Reference Entity defaults on its obligations or those obligations have been restructured, and/or (ii) one of the specified disruption events

occurs in respect of the Index.

Restructuring or default of the Reference Obligation is referred to as a "**Credit Event**" having occurred. The occurrence of one of the specified events in respect of the Index is referred to as an "**Index Event**" having occurred. If a Credit Event has occurred with respect to the Reference Entity and Conditions to Settlement have been satisfied, a portion of the redemption amount of each Note you hold will be calculated by reference to the recovery rate achieved by creditors of the Reference Entity and, as a consequence, the redemption amount in respect of each Note you hold may be less than your original investment and may be zero. If an Index Event has occurred, a portion of the redemption amount of each Note you hold will be calculated by reference to the market value of the Index Option and, as a result, by reference to the performance of the Index and, as a consequence, such portion of the redemption amount may be zero.

The occurrence of either a Credit Event or an Index Event (or both) does not accelerate the maturity of the Notes. Instead, upon the occurrence of either a Credit Event or an Index Event (or both), exposure to the relevant underlying is terminated and the losses/gains in respect of such underlying valued and such value is incorporated into the calculation of the redemption amount of the Notes.

What is the Index Option?

Payments on the Notes are determined, in part, by reference to a notional European call option (the "**Index Option**") on market-standard terms relating to the Fund Basket, with the following conditions: (1) a notional amount equal to the outstanding Aggregate Nominal Amount of the Notes from time to time; (2) a payout on exercise equal to the product of (i) the outstanding notional amount of the option as at the date of such exercise, (ii) the Participation Rate and (iii) the greater of (x) zero and (y) $(\text{Average Index Level} / \text{Initial Index Level}) - 1$; (3) a strike price equal to the Initial Index Level; (4) the Index Valuation Date as its valuation date; and (5) the Scheduled Maturity Date as its settlement date. The value of the Index Option is therefore determined by reference to the Index. See also immediately below, under "*What is the Index?*".

What is the Index?

The Index represents a strategy linked to a synthetic basket of fund shares, where each fund represents a particular market, or portion of it, and is determined by the Index Sponsor in accordance with its own calculation methodology. Performance of the Index will be expressed in terms of an index level, which will vary over time.

The terms of the Index provide for a dynamic allocation between exposure to the synthetic basket of fund shares and cash, which allocation varies depending on the

volatility of the price of the fund shares and the market trend at the time.

The Index's exposure to the fund shares can vary from time to time between 0% and 150%. In periods of low volatility, the Index's exposure to the fund shares may exceed 100% and will therefore be leveraged. In order to achieve this leverage, the Index will notionally borrow cash at the overnight USD Libor rate plus 50 basis points to fund the allocation in excess of 100%. The investor does not, however, actually borrow from the Issuer and as a result the risk is not one of an obligation to repay a loan, but the leverage magnification described below.

In periods of high volatility or if the market trend feature is triggered, the Index's exposure to cash will be increased to up to 100% in order to protect any achieved gains. This increased allocation to cash, and therefore decreased allocation to the fund shares, will limit the potential positive performance of the Index. This cash allocation will earn interest at the overnight USD Libor rate.

The consequence of a fall in the Index level while leverage (i.e. notional borrowing) is in place is that losses on the Index-linked portion of an investor's return on the Notes will be magnified. This magnification of return is in comparison with a situation in which no such leverage (i.e. no notional borrowing) is in place. However, the amount payable on redemption of the Notes incorporates the value of the Index Option in such a way that these losses, if any, are limited to the original notional investment in the option.

The Index is a proprietary index of The Royal Bank of Scotland plc (the "**Index Sponsor**"), which means that the level of the Index is calculated by the entity that owns and sponsors the Index and information relating thereto may only be available from the Index Sponsor.

Further information on the rules relating to the Index will be available for review from the beginning of the Offer Period to the Maturity Date upon request at (i) the office of the Distributor and (ii) the offices of the Index Sponsor at The Royal Bank of Scotland plc, 250 Bishopsgate, London EC2M 4AA, UK.

What are the Funds?

The basket of fund shares is composed of certain classes of shares of five Funds: (a) the Aberdeen Global – Emerging Markets Equity Fund (25% target weight), (b) the Baring Emerging Markets Umbrella - Baring Global Emerging Markets Fund (25% target weight), (c) the Pictet Global Emerging Debt Fund (12.5% target weight), (d) the MFS Meridian Funds – Emerging Markets Debt Fund (12.5% target weight) and (e) the Market Access III- RICI Enhanced Commodity Index Fund (25% target weight), subject to a certain minimum amount of assets under management.

How are the Funds weighted within the Index and how does the rebalancing work? On the inception date of the Index, the funds were weighted within the basket according to their target weights. On each quarterly rebalancing date, the basket will be rebalanced (if necessary) so that the actual weight for each fund is reset back to its target level. By way of example, suppose the shares of one fund had risen in value, the shares of one fund had declined in value, and the shares of the other funds were unchanged. The fund that rose in value will have an increased weight within the basket. The fund that has declined in value will have a decreased weight within the basket. Funds that have outperformed the basket average will have risen in weight and the Index will notionally sell shares representing the excess over the target weight. Funds that have underperformed the basket average will have fallen in weight and the Index will notionally buy additional shares of the fund, in order to reach the target weight.

The primary objective of the rebalancing process is to maintain the diversification within the fund basket.

How is the Index's exposure to the Fund Basket determined? The Index's exposure to the basket of fund shares is determined by multiplying (a) the allocation determined by the volatility mechanism, and (b) the allocation determined by the market trend mechanism.

What is the volatility mechanism? The "**Maximum Realised Volatility**" is calculated as the maximum Realised Volatility over five consecutive observation dates. The "**Realised Volatility**" is a measure of how much the daily returns of the basket of fund shares have fluctuated around their average over the 20 days prior to the observation date. The Index's exposure to the basket of fund shares is reduced if the Maximum Realised Volatility increases to certain levels. Conversely, the Index's exposure to the basket of fund shares is increased if the Maximum Realised Volatility of the basket of fund shares decreases to certain levels.

What is the market trend mechanism? If, on any observation date, the Index's calculation agent determines that the volatility of the Index has exceeded certain pre-determined levels and the basket of fund shares has had negative performance over the short-term, then the Index's exposure to the basket of fund shares will be reduced to zero for a period. Subsequent movements in the basket of fund shares against the detected trend may cause the Index to perform less well than if no allocation adjustments had been implemented. For example, if a downward market trend is identified and the Index notionally switches into cash, then a market rise against that trend would result in the Index achieving no gains resulting from that market rise, whereas if the Index had

not switched into cash then the index would have participated in the market rise.

How are the volatility of the Index and the Index's exposure to the Fund Basket related?

If the index is allocated to the basket of fund shares, then a rise in the value of the funds will lead to a rise in the index value according to the fund basket allocation (which can vary between 0% and 150%). This will lead to a rise in the value of the option. If the index is allocated to the basket of fund shares, then a fall in the value of the funds will lead to a fall in the index value according to the fund basket allocation (which can vary between 0% and 150%). This will lead to a fall in the value of the option.

What is the role of the Index's calculation agent in determining the Index's exposure to the Fund Basket?

RBS plc as the Index's calculation agent follows the index rules to determine the value of the fund basket on each calculation date, the fund basket allocation and the index level. Under normal market conditions the Index's calculation agent is not required to use its discretion.

How is the performance of the Index Option determined?

The performance of the Index Option for purposes of the Notes is determined by the calculation agent as an amount equal to (a) the quotient of (i) the Average Index Level and (ii) the Initial Index Level, minus (b) 1.

Where:

"Average Index Level" means the average of the Index Levels as of the specified Averaging Dates (being nine periodic dates during the term of the Notes); and

"Initial Index Level" means the Index Level as of the strike date (expected to be 13 June 2011).

How does the calculation agent determine if an Index Event has occurred in relation to the Notes?

The Issuer may in its discretion determine that an Index Event has occurred in relation to the Notes upon the occurrence of a Potential Index Event. A Potential Index Event will occur in the event that the calculation agent determines that any of the following events have occurred (each as further described in the Product Conditions):

- an Additional Disruption Event;
- an Extraordinary Event;
- a Fund Event; or
- a Market Disruption Event (unless the calculation agent determines that such Market Disruption Event results in the occurrence of a Disrupted Day).

What risks are

Notes linked to an index may involve a high degree of risk and prospective

associated with the Index?

purchasers of Notes should understand the risks of transactions involving the Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Notes in light of their particular financial circumstances, the information set forth herein.

Prospective purchasers should be prepared to sustain a total loss of the purchase price of the Notes.

Certain specific risks relating to the Index include, but are not limited to, the following:

- (i) if the calculation agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time, any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay settlement in respect of the Notes;
- (ii) following the occurrence of a Potential Index Event, the Issuer may in its discretion (i) require the calculation agent to determine amendments to the terms and conditions of the Notes, (ii) require the calculation agent to substitute the Index for an alternative index or (iii) determine that an Index Event has occurred and require the Calculation Agent to determine that Mandatory Unwind Amount (all as further described in the Product Conditions), and the application of any such provisions may have an adverse effect on the value and liquidity of the Notes;
- (iii) fluctuations in the Index Level and changes in the price or market value or level of the fund shares notionally contained in an Index and/or changes in the circumstances of the issuers or sponsors of such fund shares, may have an adverse effect on the Index Level and thus the Index Option, and may affect the value of Notes.

What is credit risk?

Credit risk is the risk that a company or other entity (referred to in credit derivative transactions and in the terms and conditions of the Notes as the "**reference entity**") fails to perform its payment obligations under a transaction, when those obligations are due to be performed, as a result of a deterioration in its financial condition.

This is a risk for the other companies or parties which enter into transactions with the reference entity, hold obligations of the reference entity or in some other way have exposure to the credit of the reference entity. The terms "transactions" and "obligations" have broad meanings. They can include, among other things, loan agreements entered into by the reference entity and securities issued by the reference

entity.

Credit ratings can be a useful way to compare the credit risk associated with different product providers and related investments. Credit ratings are assigned by independent companies known as ratings agencies and are reviewed regularly.

The Issuer's long-term credit rating as at April 2011 is A2 from Moody's Investors Service, Inc. ("Moody's") with a stable outlook (its equivalent rating from Standard and Poor's, a division of The McGraw-Hill Companies, Inc. ("Standard and Poor's") is A+, stable outlook and from Fitch Ratings ("Fitch ") is AA-, stable outlook). Each of Moody's, Standard & Poor's and Fitch are independent ratings agencies.

Investors are also exposed to the credit risk of the reference entity. The reference entity's long-term credit rating as at November 2010 is Ba2 from Moody's with a stable outlook.

You should note that Moody's rate companies from Aaa (Most Secure/Best) to C (Most Risky/Worst), Standard & Poor's rate companies from AAA (Most Secure/Best) to D (Most Risky/Worst) and Fitch rate companies from AAA (Most Secure/Best) to D (Most Risky/Worst).

The ratings may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. The rating assigned to the Issuer or the reference entity (and any substitutes thereto) may increase or decrease over time. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Many financial institutions or banks will regularly quote prices for entering into or selling a transaction in which credit risk is transferred, referred to as a "**credit derivative transaction**". Credit derivative transactions are not obligations of the reference entity, but are agreements, between two other parties, that refer to a reference entity and its obligations. Credit derivative transactions may be a large part of a financial institution's or bank's business. If participants in the credit derivatives market think that a credit event (as described in the following paragraph) has become more likely to occur in relation to a particular reference entity, then the cost of buying credit protection through a credit derivative transaction will increase. This is regardless of whether or not there has been an actual default by the reference entity. The party purchasing credit protection under a credit derivative transaction is referred to as the "**protection buyer**" and the party selling credit protection (in other words, assuming the credit risk of the reference entity) is referred to as the "**protection seller**".

What is a credit event?

Credit events are determined by reference to certain types of obligations of, or guaranteed by, the reference entity or reference entities (referred to as "**obligations**"). Credit events may include (i) the insolvency of the reference entity, (ii) the reference entity's failure to pay a specified amount, (iii) a restructuring of the debt owed or guaranteed by the reference entity due to a deterioration in the reference entity's financial condition and (iv) certain obligations of the reference entity becoming capable of being declared due and payable early due to a default or similar condition or event in respect of the reference entity.

In respect of the Notes, the Prospectus sets out the types of events which may constitute a "**credit event**" in relation to the reference entity.

What happens in a credit derivative transaction if a credit event occurs?

If a credit event occurs in respect of a reference entity or in respect of an obligation of such reference entity and certain procedures are satisfied (referred to as "**conditions to settlement**"), the protection seller may be obliged to take delivery, from the protection buyer, of certain specified obligations of the reference entity at a price of par (typically 100 per cent. of the face amount of such obligations) or may be required to pay, to the protection buyer, the difference between par and the market price of the obligations following the credit event (such difference, the "**settlement amount**"). The market price of the obligations at that time is expected to be lower than par (because the reference entity has suffered a credit event, its obligations are less likely to be met and therefore are worth less in the market). The proceeds of any sale of the obligations in the market are called "**recoveries**". The settlement amount can also be thought of as an amount equal to the "**losses**" that would be incurred by the protection buyer on its holdings of obligations, without regard to the credit derivative transaction.

Physical delivery of obligations when a credit event occurs will not apply to the Notes.

The obligation of the reference entity which is referred to in order to calculate the settlement amount described above is commonly referred to as the "**reference obligation**". Credit derivative transactions can be used by the protection buyer, where it is holding or is otherwise exposed to the reference obligation, to pass on this risk to the protection seller. In the case of the Notes, the investors are effectively taking exposure to (among other things) the reference obligation. This exposure includes valuation risk, tax risk, risk of a restructuring of the reference obligation and market risk. In particular, the value of the reference obligation may vary over time and may increase or decrease as a result of a variety of factors. These may include corporate actions, macro-economic factors and the liquidity of the reference obligation. Investors should review the Credit Events as set out in the Product Conditions and the Final Terms to understand more fully the nature of the risks to which they are exposed.

What happens to the Notes if a credit event occurs?

If a credit event occurs in respect of the reference entity and the calculation agent delivers certain notices to the Issuer notifying it of the credit event within the specified notice delivery period, the conditions to settlement will be satisfied in respect of such reference entity.

If a credit event occurs and the conditions to settlement are satisfied in respect of the reference entity, the redemption amount of each Note will be determined by reference to the recovery value of the reference obligation, as determined by the

calculation agent, in a similar manner as would be the case in determining a settlement amount under a credit derivative transaction, as described in "*What happens in a credit derivative transaction if a credit event occurs?*".

Actual recoveries are likely to vary in respect of any credit event and no assurance is given that the redemption value of a Note will be greater than zero.

How does the calculation agent determine if a credit event has occurred in relation to the Notes?

A credit event will occur in the event that the calculation agent determines that:

- certain obligations of a reference entity become capable of being declared due and payable early due to a default or similar condition or event with respect to that reference entity; or
- a reference entity restructures its outstanding debt.

Conditions to settlement will be satisfied by the delivery within the specified notice delivery period from the Calculation Agent to the Issuer of a Credit Event Notice. In no circumstances will the Calculation Agent be required to provide a notice of publicly available information in respect of a credit event.

Do credit risk and risks relating to the Index affect the value of the Notes in any other way?

In addition to the effects of a Credit Event (described above under "*What happens to the Notes if a credit event occurs?*") and an Index Event (described above under "*What risks are associated with the Index?*"), credit and/or index risk affects the value of a Note in several ways. For example, among other things:

- the market value of a Note may be affected negatively when the probability of, or the market's perception of the probability of, a credit event occurring in respect of any reference entity increases, even if a credit event does not actually happen;
- the market value of a Note may be affected negatively in the event the market or sector, or portion of a market or sector, to which the fund shares within the index represent declines or is perceived to be likely to decline; and
- all payments due under a Note are ultimately subject to the creditworthiness of the Issuer and, as a consequence, the value of the Note may fall if the probability of, or the market's perception of the probability of, a credit event occurring in respect of the Issuer increases.

How will the Event Redemption

No Event Redemption Amount for a Note will be less than zero.

In respect of each Note, the Event Redemption Amount will be an amount in the

**Amount be
calculated?**

Settlement Currency determined by the Calculation Agent equal to:

(a) following satisfaction of Conditions to Settlement only:

$$(A \times B) - C + D; \text{ or}$$

(b) following the occurrence of an Index Event only:

$$A + E;$$

(c) following both the satisfaction of Conditions to Settlement and the occurrence of an Index Event:

$$(A \times B) - C + E,$$

provided in each case that the Event Redemption Amount shall not be less than zero.

Where:

"A" is the Nominal Amount;

"B" is the Final Price;

"C" is Unwind Costs;

"D" is the Option Payoff Amount; and

"E" is the Mandatory Unwind Amount,

Without Duplication.

**What is the
Mandatory Unwind
Amount?**

In respect of each Note, the greater of (i) zero and (ii) a *pro rata* share of the fair market value of the Index Option as of the date the Calculation Agent determines an Index Event has occurred, reduced by an amount equal to the aggregate of all costs and expenses incurred by the Issuer and/or any affiliates and/or any hedging party in connection with such Index Event, including, without limitation, any costs associated with unwinding any hedge positions relating to the Notes, and as determined by the Calculation Agent.

**What are Unwind
Costs?**

Because the different amounts may become payable when a Credit Event occurs, the Issuer and/or any of its affiliates may have to cancel or adjust the arrangements it makes to offset, or hedge, its obligation to make payments under the Notes as payments fall due. These arrangements are referred to as "**hedging arrangements**". The sum of (Without Duplication) all costs, fees, charges, expenses (including costs relating to a loss of funding or the early repayment of borrowings), taxes and duties incurred by the Issuer and/or any of its affiliates in connection with payment of the relevant amount or the redemption of the Notes and the related termination,

settlement or re-establishment of any hedging arrangements or related trading position(s) as a consequence of a Credit Event are referred to as "**Unwind Costs**" and a pro rata share of the Unwind Costs will be deducted from the Event Redemption Amount the investor receives following the occurrence of a Credit Event.

What is the Tax Amount?

If, as of the date of determination of the amount due on early redemption of the Notes due to an illegality or a hedging disruption, applicable tax law and/or regulation would require that the Reference Entity withhold, or a holder with the same tax status as the Issuer pay, amounts in respect of tax, duty or other similar charges on amounts paid under the Reference Obligation on its redemption and settlement at its stated maturity, the amount payable under the Notes will be reduced by the same amount.

Reduction in respect of the Tax Amount is included in the terms of the Notes to reflect the exposure of the Notes to the Reference Obligation (and their tax treatment) in the case of an early redemption of the Notes for illegality or hedging disruption and will be deducted whether or not the Issuer is hedging its obligations under the Notes with a holding of the Reference Obligations.

How do changes in interest rates affect the value of the Notes?

The market value of a Note may be affected by the change in interest rates. All other things being equal, the market value of a Note will go down when interest rates go up and *vice versa*.

How do changes in share prices of the reference entity affect the value of the Notes?

Taking credit risk on a reference entity by purchasing Notes is different from taking equity risk by investing in shares of that reference entity. There are a number of reasons for this. For example:

- credit derivatives reference debt obligations of the reference entity or reference entities, and a reference entity must pay amounts due to the creditors on these debt obligations before paying dividends or capital to shareholders;
- the obligations of a reference entity referenced by the Notes consist of bonds and other debt; holders of this type of debt will rank ahead of normal shareholders in the insolvency of a reference entity, and so may have (but are not guaranteed) a higher rate of recovery of moneys due to them;
- because the Notes reference these debt obligations, the market value of the Notes is related to (although not necessarily equal to) the value of these debt

obligations; and

- there is no direct link between share prices and the value of the Notes.

However, in some circumstances, change in the share price of a reference entity may result in or from, at a general level, a change in the market value of its debt and vice versa.

What is the maturity of the Notes if neither an index event nor a credit event occur?

Each Note has a scheduled maturity as stated in the Final Terms.

As set out in the Product Conditions, the maturity date of a Note may be extended if certain credit events have or may have occurred, but the conditions to settlement have not been satisfied, prior to the scheduled maturity date.

Do the Notes redeem at par?

Each Note will redeem at the cash amount specified in the Final Terms unless the conditions to settlement are satisfied in respect of a credit event and/or an index event occurs, in which case the payments due on the Note will be as described in "*How will the Event Redemption Amount be calculated?*" above.

Do the Notes pay interest?

The Notes are a non-interest bearing instrument and, subject to the applicable Unwind Interest Amounts (if any), do not pay interest.

What is Unwind Interest?

Upon the applicable date for redemption of the Notes following either satisfaction of Conditions to Settlement or the occurrence of an Index Event, the Issuer shall, in respect of each Note and the applicable Credit Event or Index Event, pay (in addition to the Event Redemption Amount) an amount in the Settlement Currency determined in accordance with an overnight floating interest rate, which shall accrue (a) in the case of redemption following satisfaction of Conditions to Settlement, the period from and including the date on which the Final Price is determined to but excluding the Event Redemption Date; or (b) in the case of redemption following an Index Event, the period from and including the date on which the Mandatory Unwind Amount is determined to but excluding the Event Redemption Date.

If a Credit Event has occurred (and the Conditions to Settlement have been satisfied) and an Index Event has occurred, an Unwind Interest Amount will be paid in respect of each of the Credit Event and the Index Event.

Will the Notes be rated?

The Notes will not be assigned a credit rating.

Will there be a secondary market in the Notes?

The Royal Bank of Scotland N.V. or any agent of The Royal Bank of Scotland N.V. may purchase Notes, subject to all regulatory requirements and the internal policies and procedures of The Royal Bank of Scotland N.V. or such agent (as applicable).

However no assurance is given this will be the case and investors should be prepared to retain Notes until their maturity or earlier redemption or termination.

When do the Notes redeem early?

The Issuer has the right to redeem the Notes early in the event of a Hedging Disruption Event, or if the Issuer has determined that, for reasons beyond its control, its performance under the Notes has become unlawful in whole or in part, as more fully described in the General Conditions. In such circumstances the Issuer will, if and to the extent permitted, pay to each investor the fair market value of the Notes immediately prior to such termination (where such fair market value is determined ignoring such illegality) less (i) the cost to the Issuer or other parties of unwinding any underlying related hedging arrangements and (ii) the Tax Amount. Such fair market value will be determined by the Issuer and could be less than the amount a third party would pay for the Note. In such circumstances the investor in a Note will not be due any other amounts under the Note.

In addition, the Notes will become due and payable upon an event of default in respect of the Issuer.

How will I get paid any redemption proceeds if I hold Notes?

Transactions in the Notes in Poland may be executed through the National Depository for Securities by virtue of a bridge arrangement with a Clearing Agent. Investors or their representatives must be a participant, or arrange to hold Notes through a participant, of the National Depository for Securities in order to participate in such settlement .

What will the Issuer do with the proceeds of the Notes issuance?

The Issuer will use the proceeds of the issuance of the Notes for general corporate purposes and may (but is not required to) use the proceeds for hedging its obligations under the Notes.

What tax will I have to pay and how will tax affect payments made to me?

General information relating to certain aspects of Polish, Dutch and United Kingdom taxation is set out under the heading "*Taxation*" on pages 62 to 70 of this Prospectus. If you are unsure of the tax implications of making an investment in the Notes you should obtain professional tax advice.

If withholding taxes are imposed on payments under the Notes (as described in more detail in the terms and conditions), the Issuer will **not** pay any additional amounts to "gross-up" such payments.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment (including any stamp or transfer tax) which may arise as a result of the ownership, transfer, exercise or enforcement of any Note by any person and all payments made by the Issuer shall be made subject to any such tax,

duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

ESSENTIAL CHARACTERISTICS OF THE ISSUER

History and Incorporation:

RBS N.V. is a public limited liability company incorporated under Dutch law on 7 February 1825. RBS N.V. is registered in the Trade Register of Amsterdam under number 33002587. RBS N.V.'s registered office is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

RBS N.V. is a wholly-owned subsidiary of RBS Holdings N.V. (previously named ABN AMRO Holding N.V.) ("**RBS Holdings**"), which is a public limited liability company incorporated under Dutch law on 30 May 1990. The registered office of RBS Holdings is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

RBS Holdings has one subsidiary, RBS N.V. and RBS N.V. has various subsidiaries.

As used herein, the "Group" refers to RBS Holdings and its consolidated subsidiaries. The term "RBSG" refers to The Royal Bank of Scotland Group plc and the "RBSG Group" refers to RBSG and its subsidiaries consolidated in accordance with International Financial Reporting Standards. The term "RBS" refers to The Royal Bank of Scotland plc.

Overview:

The Issuer is a bank licensed and regulated by the Dutch Central Bank (De Nederlandsche Bank).

The Issuer operates on a significant scale across Europe, the Middle East and Africa (EMEA), the Americas and Asia. As at 31 December 2010, the Group had total consolidated assets of EUR 200 billion.

RBS Holdings and RBS N.V. form part of the RBSG Group. RBSG is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, the RBSG Group operates in the United Kingdom, the United States and internationally through its three principal subsidiaries, RBS, National Westminster Bank Public Limited Company ("**NatWest**") and RBS N.V. Both RBS and NatWest are major United Kingdom clearing banks. In the United States, the RBSG Group's subsidiary Citizens is a large commercial banking organisation. Globally, the Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

Group Organisational Structure:

The Group comprises the following four segments:

- Global Banking & Markets ("**GBM**"): The GBM segment represents the business providing an extensive range of debt and equity financing, risk management and investment services as a leading

banking partner to major corporations and financial institutions around the world. The GBM business within RBS Holdings is organised along four principal business lines: Global Lending, Equities, Short Term Markets & Funding and Local Markets.

- Global Transaction Services (“**GTS**”): GTS provides global transaction services, offering Global Trade Finance, Transaction Banking and International Cash Management.
- Central Items: The Central Items segment includes group and corporate functions, such as treasury, capital management and finance, risk management, legal, communications and human resources. Central Items manages the Group’s capital resources, statutory and regulatory obligations and provides services to the branch network.
- Non-Core Segment: The Non-Core segment contains a range of businesses and asset portfolios managed separately that the Group intends to run off or dispose of, in line with the RBSG Group strategy for Non-Core assets. It also includes the remaining assets and liabilities in RBS N.V. that have not yet been sold, wound down or alternatively transferred by the Consortium Members (as defined below), in which each of the Consortium Members has a joint and indirect interest.

Global Banking & Markets, Global Transaction Services and Central Items comprise the Group’s Core segments.

These RBS N.V. businesses are part of global business units of the RBS Group that operate across multiple legal entities. The strategy of RBS N.V. is part of the overall business strategy of the RBSG Group. RBS Holdings N.V. has been restructured into Core and Non-Core components. The RBSG Group expects to substantially run down or dispose of the businesses, assets and portfolios within the Non-Core division by 2013 and has completed the sales of businesses in Latin America, Asia, Europe and the Middle East.

Separation from the ABN AMRO Group:

On 17 October 2007, RFS Holdings B.V, which at the time was owned by RBSG, Fortis N.V., Fortis S.A./N.V., Fortis Bank Nederland (Holding) N.V. and Banco Santander, S.A. (“**Santander**”), completed the acquisition of ABN AMRO Holding N.V., which was renamed RBS Holdings N.V. on 1 April 2010 when the shares in ABN AMRO Bank N.V. were transferred to ABN AMRO Group N.V., a holding company for the interests of the Dutch State. This marked the substantial completion of the restructuring of the activities of ABN AMRO Holding N.V. in accordance with the agreement between RBSG, the Dutch State and Santander (the “**Consortium Members**”). RBS Holdings N.V. has one direct subsidiary, RBS N.V., a fully operational bank within the Group, which is independently rated and regulated by the Dutch Central Bank.

On 31 December 2010, the share capital of RFS Holdings B.V. was amended, such that approximately 98 per cent. of RFS Holdings’ issued share capital is now held by RBSG, with the remainder being held by Santander and the Dutch State. Ultimately it is expected that RFS Holdings B.V. will become a wholly-owned subsidiary of RBSG.

DOCUMENTS INCORPORATED BY REFERENCE

1. The Issuer's registration document dated 5 April 2011 (the "**Registration Document**"), prepared in accordance with Article 5(3) of the Prospectus Directive was published prior to the date of this Prospectus, has been approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in its capacity as competent authority under the Act on Financial Supervision (*Wet op het financieel toezicht (Wft) 2007*) (the "**Competent Authority**") and shall be incorporated in, and form part of, this Prospectus.

Copies of the Registration Document can be obtained from the registered office of the Issuer at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and on http://www.investors.rbs.com/RBS_NV and www.noblesecurities.pl.

2. The following documents, which have been incorporated into the Registration Document by reference, shall be incorporated in, and form part of, this Prospectus:
- (a) the Articles of Association (statuten) of each of RBS Holdings N.V. and RBS N.V. as in force and effect on the date of this Registration Document;
 - (b) the RBS Holdings N.V. (**RBS Holdings**) Annual Report and Accounts 2010 (excluding the section headed "Business Review – Risk Factors" on page 9 and the section headed "Additional Information – Risk Factors" on pages 221 to 231) (the **2010 Annual Report**) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2010 (prepared in accordance with International Financial Reporting Standards as adopted by the European Union (**IFRS**)). The audited consolidated annual financial statements of RBS Holdings appear on pages 96 to 193 of the 2010 Annual Report and the auditor's report thereon appears on page 199 of the 2010 Annual Report.
 - (c) the ABN AMRO Holding N.V. Annual Report 2009 (excluding the section headed "Risk Factors" on pages 61 to 68) which includes the publicly available consolidated audited annual financial statements of ABN AMRO Holding N.V. (as RBS Holdings N.V. was then named) for the financial year ended 31 December 2009 (prepared in accordance with International Financial Reporting Standards as adopted by the European Union). The consolidated audited annual financial statements of ABN AMRO Holding N.V. appear on pages 82 to 235 of the 2009 Annual Report and the auditor's report appears on pages 193 to 197 of the 2009 Annual Report;

Copies of these documents which have been incorporated by reference into the Registration Document as well as any annual and interim accounts to be published in the future are accessible via http://www.investors.rbs.com/RBS_NV. (other than the information explicitly incorporated by reference into the Registration Document, the information found at this website does not form part of and is not incorporated by reference into the Prospectus).

Copies of these documents are also available on request, free of charge, by writing or telephoning: The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.

TAXATION

Prospective investors who are in any doubt about their tax position on purchase, ownership, transfer, exercise or non-exercise of any Note should consult their professional tax advisers. Whilst certain tax information is set out below, prospective investors should note that this is for general guidance only and does not contemplate all possible tax consequences, in particular in relation to dematerialised Notes.

1. GENERAL

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws of practices of the country of purchase in addition to the issue or purchase price of each Note.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty or other payment which may arise as a result of the ownership, transfer or exercise of any Notes.

The tax treatment of the Notes depends on the individual circumstances of each Holder and may be subject to change in the future.

2. EUROPEAN UNION SAVINGS DIRECTIVE

Under the EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

3. POLAND

General Information

The following is a discussion of certain Polish tax considerations relevant to an investor resident in Poland or which is otherwise subject to Polish taxation. This statement should not be deemed to be tax advice. It is based on Polish tax laws and, as its interpretation refers to the position as at the date of this Prospectus, it may thus be subject to change. Any change may be enacted retroactively and

may negatively affect the tax treatment, as described below. This description does not purport to be complete with respect to all tax information that may be relevant to investors due to their individual circumstances. Prospective purchasers of Notes are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of Notes.

The reference to "interest" as well as to any other terms in the paragraphs below means "interest" or any other term as understood in Polish tax law.

Taxation of a Polish tax resident individual

(a) Withholding Tax on Interest Income

According to Article 30a of the Personal Income Tax (PIT) Act, interest income, including discount, derived by a Polish tax resident individual (a person who has his/her centre of personal or business interests located in Poland or who stays in Poland for longer than 183 days in a year) does not cumulate with general income subject to the progressive tax rate but is subject to 19 per cent. flat rate tax.

Withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Particular double tax treaties can provide other methods of withholding tax settlements.

Under Article 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the Polish 19% tax upon interest payment. In practice, the obligation to withhold tax applies only to Polish interest payers and not foreign. Moreover, given that the term "interest payer" is not precisely defined in the law, under some interpretations issued by Polish tax authorities, in certain cases Polish banks or Polish brokerage houses maintaining securities accounts may refuse to withhold the tax based on the fact that they are acting only as an intermediary and therefore should not be obliged under the Polish law to remit due tax. According to Article 45.3b of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

If an individual holds the Notes as a business asset, in principle, interest should not be subject to withholding tax but taxed on the same way as other business income. The tax, at 19% flat rate or the 18% - 32% progressive tax rate depending on the choice and meeting of certain conditions by the individual, should be settled by the individual himself/herself. However, the tax authorities may require that interest income is taxed on the same principles as apply to individual private investors, described above.

(b) Income from capital investments

Income other than interest derived by a Polish tax resident individual from financial instruments, such as the Notes, held as non-business assets, qualify as capital income according to Article 17 of the Polish Personal Income Tax Act. Such income does not cumulate with the general income subject to the progressive tax scale but is subject to a 19 per cent. flat rate tax. The costs of acquiring the financial instruments are recognised at the time the revenue is achieved. In principle, this income should be settled by the taxpayer by 30 April of the year following the year in which the income was earned. However, if the individual is also a taxpayer as referred to in Arts. 31, 33, 34 and 35 of the PIT Act (which are mostly persons who obtain income from employment or pensions), under one of the possible interpretations of Art. 40 of the PIT Act he/she is obliged to pay 19 per cent. monthly instalments by the twentieth day of the month following the month in which the income was earned. There are arguments as to whether this interpretation is incorrect, as it puts certain individuals in a worse financial position than they would otherwise have been in. Individuals are encouraged to seek professional advice in this respect.

If an individual holds the Notes as a business asset, in principle, the income should be taxed on the same way as other business income. The tax, at 19% flat rate or the 18% - 32% progressive tax rate depending on the choice and meeting of certain conditions by the individual, should be settled by the individual himself/herself. However, the tax authorities may require that the income is taxed on the same principles as apply to individual private investors, described above.

Taxation of a Polish tax resident corporate income taxpayer

A Polish tax resident corporate income taxpayer will be subject to 19% income tax in respect of the Notes (both on any capital gain and on interest/discount) following the same principles as those which apply to any other income received from business activity. As a rule, for Polish income tax purposes interest is recognised as revenue on a cash basis, i.e. when it is received and not when it has accrued. In respect of capital gains, the cost of acquiring the Notes will be recognised at the time the revenue is achieved.

Notes held by a non-Polish tax resident (natural person or corporate income tax payer)

Non-Polish residents are subject to Polish income tax only with respect to their income earned in Poland. If the Notes are issued by a foreign entity, in principle interest should not be considered as having been earned in Poland. Capital gains should also not be considered as arising in Poland unless the Notes are sold at a stock exchange in Poland (the Warsaw Stock Exchange). If the latter is the case, however, most of the tax treaties concluded by Poland provide for Polish tax exemption with respect to capital gains derived from Poland by a foreign tax resident. The treaties also mitigate Polish domestic withholding tax of 20 per cent. on interest (down to 15 per cent., 10 per cent., 5 per cent. or 0 per cent. depending on the relevant treaty and occasionally on the status of the recipient of the interest) if Polish withholding tax is applicable. In order to benefit from a tax treaty, a foreign investor should present a relevant certificate of its tax residency.

If a foreign recipient of income acts through a permanent establishment in Poland, as a matter of principle it should be treated in the same manner as a Polish tax resident.

4. THE NETHERLANDS

General

Where in this paragraph English Terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch law.

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only for holders of Notes who are residents or deemed residents of the Netherlands for Netherlands tax purposes. Each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institutions (*vrijgestelde fiscale beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

Where this summary refers to a holder of Notes such reference is restricted to a holder holding legal title to as well as an economic interest in such Notes.

Netherlands Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that the Notes do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Netherlands corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*).

Netherlands Corporate and Individual Income Tax

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25.5%).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

- (A) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (B) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. As of 1 January 2011, the individual's annual yield basis is no longer determined based on the 1 January and 31 December average, but it is simply determined based on the fair market value of the qualifying assets less the fair market value of the qualifying liabilities at 1 January. The fair market value of

the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

Netherlands Gift and Inheritance Tax

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or on behalf of, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled and is subject to Dutch gift and inheritance tax if the donor is a (deemed) resident of the Netherlands at the time.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a gift within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a gift within a twelve month period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Netherlands Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Netherlands Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

5. UNITED KINGDOM

The following applies only to persons who are beneficial owners of the Notes and is a summary of the Issuer's understanding of current law and HM Revenue & Customs ("HMRC") practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of persons (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Holders of the Notes depends on their individual circumstances and may be subject to change in the future. Prospective Holders of the Notes who are in any doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

Withholding Tax

Notes issued otherwise than through the Issuer's London branch

Payments of interest on these Notes may be made without withholding for or on account of United Kingdom income tax.

Notes issued by the Issuer's London branch

Payments made in respect of the Notes may be made without deduction or withholding for or on account of United Kingdom income tax where such payments are not regarded as either interest or annual payments for United Kingdom tax purposes.

Even if such payments were to be regarded as interest or annual payments for United Kingdom tax purposes, the Issuer should not be required to withhold or deduct sums for or on account of United Kingdom withholding tax from payments made in respect of the Notes provided that the Notes are derivative contracts, the profits and losses arising from which are calculated in accordance with the provisions of Part 7 of the Corporation Tax Act 2009 (or International Accounting Standard 32) and are not excluded for the purposes of Part 7 of the Corporation Tax Act 2009 by virtue of their underlying subject matter.

If interest is payable on the Notes or if payments made in respect of the Notes were to be regarded as interest for United Kingdom tax purposes, provided the Issuer's London branch qualifies as a bank within the meaning of section 991 of the Income Tax Act 2007 (“ITA”) on the date of such payments, such payments may be made without withholding or deduction for or on account of United Kingdom income tax where the interest is paid in the ordinary course of the Issuer's London branch's business; this should include all payments of interest by the Issuer's London branch except where those Notes concerned conform to the definition of tier 1, 2 or 3 capital for regulatory purposes or where there is an intention to avoid United Kingdom tax.

Payments of interest on these Notes may also be made without deduction of or withholding for or on account of United Kingdom income tax if these Notes are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the ITA. The Warsaw Stock Exchange is a recognised stock exchange for this purpose. Notes will therefore satisfy this requirement if they are (a) officially listed in Poland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the main market of the Warsaw Stock Exchange, or (b) admitted to trading on a "recognised stock exchange" and officially listed in a country in which there is a "recognised stock exchange" in accordance with provisions corresponding to those generally applicable in EEA states. Provided, therefore, that these Notes are and remain so listed, interest on these Notes will be payable without withholding or deduction for or on account of United Kingdom income tax whether or not the Issuer's London branch carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

Interest on these Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on these Notes is paid by a company and, at the time the payment is made, the Issuer's London branch reasonably believes (and any person by or through whom interest on these Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on these Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where the maturity of these Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on these Notes on account of United Kingdom income tax at the basic rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Holder of these Notes, HMRC can issue a notice to the Issuer's London branch to pay interest to the Holder of these Notes without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

UK Information Gathering Powers

Irrespective of whether the Notes are issued by the Issuer's London branch, Holders of the Notes may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Holder of the Notes. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes (which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005) to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2011. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Holder of the Notes is resident for tax purposes.

Stamp Taxes

Subject to what follows, no stamp duty, capital duty, stamp duty reserve tax or other similar tax is payable in the United Kingdom on the issue or transfer by delivery of any Notes.

In relation to Notes in bearer form which are denominated in sterling and which are not loan capital for the purposes of section 78 Finance Act 1986 (“**Loan Capital**”), a charge to stamp duty at 1.5 per cent. of the value of such Notes may arise if issued in the United Kingdom. No stamp duty liability will arise on the issue of such Notes if issued outside the United Kingdom. However, in relation to such Notes originally issued outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Notes a stamp duty liability at 1.5 per cent. of the value of such Notes will arise. A Note should be Loan Capital if the Holder has the right in all circumstances to be paid on redemption an amount equal to substantially all of the amount subscribed for the Note, either with or without any additional amount that may be payable on redemption.

No United Kingdom stamp duty should be required to be paid on transfers of Notes on sale provided no instrument of transfer is used to complete such sales.

An instrument transferring Notes on sale may be subject to stamp duty at a rate of 0.5 per cent. of the consideration paid for the Notes.

Even if an instrument is subject to United Kingdom stamp duty, there may be no practical necessity to pay that stamp duty, as United Kingdom stamp duty is not an assessable tax. However, an instrument which is not duly stamped cannot be used for certain purposes in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court. In the event that an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if either (i) an instrument which was executed in the United Kingdom is not stamped within 30 days of being so executed or (ii) an instrument which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom.

SELLING RESTRICTIONS

The statements which follow are of a general nature. Potential purchasers in each jurisdiction must ensure that they are able validly to take delivery of the Notes and any assets into which they may convert or be settled. Additional certifications may be required by the Issuer and/or any clearance system at the time of exercise and/or settlement.

1. GENERAL

No action has been or will be taken by the Issuer that would permit a public offering of the Notes or possession or distribution of any offering material in relation to the Notes in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Notes, or distribution of any offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer.

2. PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS DIRECTIVE

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") no offer of Notes which are the subject of the offering contemplated by this Prospectus as contemplated by the final terms in relation thereto has been or may be made to the public in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer of Notes to the public in that Relevant Member State may be made:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last (or, in the case of Sweden, last two) financial year(s); (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last (or, in the case of Sweden, last two) annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Notes referred to in (b) to (e) (inclusive) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State, by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

3. POLAND

Pursuant to Article 7 of the Act on Public Offerings, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005, as amended (consolidated text, J. L. 2009, No. 185, item 1439) (the **Act on Public Offerings**), a public offer or admission of securities to trading on a regulated market requires an issue prospectus to be drawn up, approved by the Polish Financial Supervision Commission and published. Pursuant to Article 37 of the Act of Public Offerings, securities of an issuer with its registered office in a Member State for which Poland is a host state may be offered in a public offering or admitted to trading on a regulated market in Poland on completing the passporting procedure described in that act.

Pursuant to Article 3 of the Act of Public Offerings, a "**Public Offer**" consists of making information available to at least 100 persons or to an unspecified addressee, in any form and manner, about securities and the conditions for the acquisition of them, provided that this information constitutes satisfactory grounds for making a decision on whether to acquire the securities for consideration.

4. THE NETHERLANDS

Notes which qualify as savings certificates as defined in the Savings Certificates Act ("*Wet inzake spaarbewijzen*") may only be transferred or accepted through the mediation of either the Issuer or an admitted institution of Euronext Amsterdam N.V. with due observance of the Savings Certificates Act and its implementing regulations (including registration requirements), provided that no mediation is required in respect of:

- (a) the initial issue of those Notes to the first holders thereof;
- (b) any transfer and delivery by individuals who do not act in the conduct of a profession or trade; and
- (c) the issue and trading of those Notes, if they are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter.

5. UNITED STATES OF AMERICA

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "**Securities Act**"), and trading in the Notes has not been and will not be approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act, as amended (the "**CEA**"). Neither the Notes, nor any interest therein, may at any time be offered, sold, resold, delivered or traded, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States. Offers, sales, resales, trading or deliveries of the Notes, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons (i) would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom and (ii) in the absence of relief from the CFTC, may constitute a violation of the United States law governing commodities trading. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes having a maturity of more than one year will be issued in compliance with U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the "**D Rules**") and, in accordance with the D Rules, may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Notes in dematerialised form having a maturity of more than one year will be issued in compliance with U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) (the "**C Rules**") and, in accordance with the C Rules, may not be offered, sold or delivered within the United States or its possessions, except in certain transactions permitted by regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the "**Code**") and the U.S. Treasury regulations thereunder.

The Issuer will require each dealer participating in the distribution of Notes subject to the D Rules:

- (a) except to the extent permitted under the D Rules, (i) to represent that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, such Notes to a person who is within the United States or its possessions or to a United States person, and (ii) to represent that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (b) to represent that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes subject to the D Rules are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, each dealer represents that it is acquiring Notes for purposes of resale in connection with their original issuance and if it retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6);
- (d) with respect to each affiliate of such dealer that acquires Notes from a dealer for the purpose of offering or selling such Notes during the restricted period, to repeat and confirm the representations and agreements contained in subclauses (a), (b) and (c) of this paragraph on such affiliate's behalf; and
- (e) to agree that it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii)) that purchases any Notes subject to the D Rules from it pursuant to a written contract with such distributor (except a distributor that is one of the dealer's affiliates or is another dealer), for the benefit of the Issuer and each other dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of subclauses (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a dealer hereunder.

The terms used in the preceding sentence have the meanings given to them by the Code and the U.S. Treasury regulations thereunder, including the D Rules.

The Issuer will require each dealer participating in the distribution of Notes subject to the C Rules to agree that it will not at any time offer, sell, resell or deliver, directly or indirectly, such Notes in the United States or to others for offer, sale, resale or delivery, directly or indirectly, in the United States. Further, the Issuer and each dealer to which it sells such Notes will represent and agree that in connection with the original issuance of such Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective investor if such investor is within the United States and will not otherwise involve its U.S. office in the offer or sale of such Notes. The terms

used in the preceding sentence have the meanings given to them by the Code and the U.S. Treasury regulations thereunder, including the C Rules.

As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally For the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. persons: or (vii) any other "U.S. Person" as such term may be defined in Regulation S under the Securities Act or in regulations adopted under the CEA.

Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions

Each purchaser of the Notes will, by its purchase of such Note, be deemed to acknowledge, represent and agree as follows:

- (a) that trading in the Notes has not been and will not be approved by the CFTC under the CEA;
- (b) that it will not at any time offer, sell, resell or deliver, directly or indirectly, any Notes of such Series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (c) that it is not purchasing any Notes of such Series for the account or benefit of any U.S. person;
- (d) that it will not make offers, sales, resales or deliveries of any Notes of such Series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (e) that no U.S. person or person in the United States may at any time trade or maintain a position in the instruments and that a person entitled to receive an interim payment (or entitled to receive any amount at maturity under) the instrument will be required to certify

that neither it nor the beneficial owner of the instrument is a U.S. person or is located in the United States;

- (f) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to 40 days after the closing of the offer of the Notes, it will do so only outside the United States in compliance with Rule 903 or 904 under the Securities Act.

6. UNITED KINGDOM

The Issuer represents, warrants and agrees that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer and it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Authorisation

The Prospectus and the issue of Notes have been duly authorised by resolutions of (i) the Issuer's Managing Board dated 17 January 2011; (ii) the Supervisory Board of RBS Holdings N.V. and the Issuer dated 17 January 2011 and (iii) a member of the Asset and Liability Management Committee dated 4 April 2011.

Listing

Application will be made for the Notes to be admitted to trading and listed on the regulated market of the Warsaw Stock Exchange on or around 13 June 2011.

Documents available

During the validity of this Prospectus, copies of the following documents will, when published, be available, free of charge, from the registered office of the Issuer and from the specified office of the Principal Agent except in the case of (e) which will be available from the offices of the Index Sponsor and any Distributor:

- (a) The incorporation documents of the Issuer;
- (b) the audited financial statements of the Issuer for the financial years ended 2008 and 2009 and the most recently available published interim financial statements of the Issuer (in English), in each case together with any audit reports prepared in connection therewith;
- (c) a copy of the Registration Document;
- (d) a copy of this Prospectus; and
- (e) a copy of the strategy description.

In addition, during the validity of this Prospectus, copies of the Fund Prospectus in respect of each Fund will be available free of charge from the office of Noble Securities SA in Krakow, being ul. Lubicz 3/215, 31-034 Kraków, Poland.

Investors are advised to read the available documents specified in (a) to (e) above, which contain additional information, including information about the financial condition and the business situation of the Issuer and the Group.

Notices

Notices with regard to the Notes will, for so long as any Notes are listed on the Warsaw Stock Exchange, be validly given if published in a leading Polish language daily newspaper of general circulation in Poland. It is expected that any such publication in a newspaper will be made in either *Rzeczpospolita* or *Gazeta*

Wyborcza. Notices will also be published in accordance with the rules of any other exchange on which the Notes are listed and of any Relevant Clearing System where applicable.

All notices under the General Conditions and/or the Product Conditions shall either: (i) be published on the Issuer's website <http://markets.rbs.com/EN/Showpage.aspx?pageID=4> (or any successor website) and shall become effective upon such publication, or (ii) be delivered to the Clearing Agent and shall become effective upon the day following such delivery. The Final Terms will specify which manner of giving notice shall apply. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

Clearing and settlement systems

The Notes will be accepted for clearance through Euroclear, Clearstream, Luxembourg. The appropriate International Securities Identification Number for the Notes allocated by Euroclear, Clearstream, Luxembourg, and any other relevant security code allocated to the Notes by any other relevant clearing system, will be specified in the Final Terms. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

Material change

There has been no significant change in the financial position or prospects of either the Issuer's or the Guarantor's Group since 31 December 2010. There has been no material adverse change in the financial position or prospects of the Issuer or the Guarantor since 31 December 2010.

Litigation

The Group is involved in a number of legal proceedings in the ordinary course of the Group's business in a number of jurisdictions. In presenting the Group's consolidated financial statements, management makes estimates regarding the outcome of legal, regulatory and arbitration matters, and takes a charge to income when losses with respect to such matters are probable. Charges, other than those taken periodically for costs of defence, are not established for matters when losses cannot be reasonably estimated. The Group cannot guarantee that these proceedings will be concluded in a manner favourable to the Issuer's or the Guarantor's Group and should the Group's assessment of the risk change, the Group's view on changes to income will also change.

In November 2009 the Supreme Court in the Netherlands gave a declaratory judgment against World Online International N.V., Goldman Sachs International and ABN AMRO Bank N.V. (as it was then named) in relation to claims arising out of the World Online initial public offering of 2000. It held that these Defendants had committed certain wrongful acts in connection with the initial public offering. The judgment does not establish liability or the amount of any loss. Management does not believe that any final liability or loss will have a significant effect on the Issuer, the Guarantor or the Group's financial position or profitability.

On the basis of information currently available, and having taken legal counsel with advisors, the Group is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position and the consolidated profit of the Issuer, the Guarantor or the Group.

On the basis of information currently available, and having taken legal counsel with advisors, RBS Holdings and the Issuer are of the opinion that neither of them is, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which RBS Holdings or the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the the Issuer's, the Guarantor's or the Group's consolidated financial position or consolidated profitability.

Trend Information

The composition of the Group's revenues, assets and liabilities and its overall performance are affected by changing economic conditions and changing conditions in financial markets, as well as regulatory changes.

The Issuer expects that liquidity disruptions, instability and volatility will continue to affect the credit and financial markets during the course of 2011. In addition, regulatory changes will take place in the future that we expect will increase the overall level of regulation in the markets

Auditors

The financial information of the Issuer is included in the financial information for RBS Holdings by virtue of the statement filed by RBS Holdings in terms of Section 2:403 of the Dutch Civil Code. The financial statements of ABN AMRO Holdings N.V. (as RBS Holdings was then named and in which the results of the Issuer were consolidated for the relevant periods) for the financial years 2009 and 2008 as set out in the 2009 Annual Report and the 2008 Annual Report respectively, have been audited by Deloitte Accountants. Deloitte have issued unqualified reports for each of those years. Deloitte is located at Orlyplein 10, PO Box 58110, 1040 HC, Amsterdam, The Netherlands. The individual auditors of Deloitte are members of the Royal NIVRA (the "*Koninklijke Nederlands Instituut van register accountants*").

Following legal separation, Deloitte will continue as the auditors of RBS Holdings and the Issuer.

Information on the Offering of the Notes

See Part B of the Final Terms beginning on page 124.

Responsibility Statement

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The disclosure information in respect of the Funds (set out in item 36 of Part A – Final Terms on page 123 and Annex 1 to this Base Prospectus), the Reference Entity (set out in item 28 of Part A – Final Terms on page 122 and under the heading "*What should I read before investing*" on page 42) and the Reference Obligation (set out in items 29 and 36 of Part A – Final Terms on pages 122 and 123), including related website links (the "**Reproduced Information**") has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the relevant third parties, no facts have been omitted which would render the Reproduced Information inaccurate or misleading.

GENERAL CONDITIONS

The General Conditions which follow relate to the Notes and must be read in conjunction with, and are subject to, the Product Conditions (including the Appendices thereto). The Product Conditions (including the Appendices thereto) and the General Conditions together constitute the Conditions of the Notes and will be printed on the Definitive Notes or attached to each Global Note representing the Notes.

1. DEFINITIONS

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions, including the Appendices thereto. References in these General Conditions to the Conditions shall mean these General Conditions and the Product Conditions, including the Appendices thereto.

2. STATUS

The Royal Bank of Scotland N.V. Up to PLN 200,000,000 Credit and Index Linked Notes due 2015 (the "**Notes**") constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

3. EARLY REDEMPTION

The Issuer shall have the right to terminate the Notes if it has determined in its absolute discretion that, for reasons beyond its control, its performance thereunder has become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power ("**Applicable Law**"). In such circumstances the Issuer will, however, if and to the extent permitted by Applicable Law, pay to each Holder in respect of each Note held by such Holder an amount calculated by the Issuer as the fair market value of the Note immediately prior to such termination (such fair market value determined taking into account such illegality and without taking into account the creditworthiness of the Issuer) less (i) the Note's pro rata share of the cost to the Issuer and/or any Affiliates of unwinding any related hedging arrangements and (ii) the Tax Amount. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4.

4. NOTICES

(a) Validity.

- (i) So long as the Notes are represented by a Global Note held through Euroclear and/or Clearstream, Luxembourg or any other internationally recognised clearing system,

announcements to Holders will be valid if delivered by the Issuer to the Clearing Agent(s) with an instruction from the Issuer to the Clearing Agent(s) to communicate such announcement to the Holders.

- (ii) Otherwise, announcements to Holders will be validly given if published in a leading Polish language daily newspaper of general circulation in Poland. It is expected that any such publication in a newspaper will be made in either Rzeczpospolita or Gazeta Wyborcza.
 - (iii) The Issuer will also ensure that notices and announcements are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.
- (b) Delivery. Any such announcement issued pursuant to General Condition 4(a)(i) shall be deemed to be effective on the day following its delivery to the Clearing Agent(s) (and if delivered to more than one Clearing Agent on the day following the date first delivered to a Clearing Agent). Any such announcement issued pursuant to General Condition 4(a)(ii) shall be deemed to be effective on the date of first publication (or if required to be published in more than one location, the date of the first publication in all required locations).

5. HEDGING DISRUPTION

- (a) Notification. The Issuer shall as soon as reasonably practicable give instructions to the Calculation Agent to notify the Holders in accordance with General Condition 4(a) if it determines that a Hedging Disruption Event has occurred and shall include details of the consequence(s) of such Hedging Disruption Event as determined by the Issuer pursuant to General Condition 5(c).
- (b) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if the Issuer determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer and/or any Affiliate wholly or partially to establish, re-establish, substitute or maintain a relevant transaction (a "**Relevant Hedging Transaction**") to hedge the Issuer's obligations in respect of the Notes (which may include an investment in the Reference Obligation). The reasons for such determination by the Issuer may include, but are not limited to, the following:
 - (i) any material illiquidity in the market for any relevant instruments or swap transaction which is a Relevant Hedging Transaction; or
 - (ii) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory

authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority); or

- (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or
 - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms; or
 - (v) any event, including but not limited to insolvency, in respect of the Reference Obligation Custodian, which in the determination of the Calculation Agent would prevent the Reference Obligation Custodian from performing the functions for which it has been appointed in respect of any Relevant Hedging Transaction and/or any failure by the Reference Obligation Custodian to perform such functions; or
 - (vi) any non-receipt by the Issuer and/or any Affiliate which has made an investment in the Reference Obligation of any payment under the Reference Obligation, provided that this sub-paragraph (v) shall not apply to an event that would constitute an Obligation Default. In this context, non-receipt will include, *inter alia*, circumstances in which payment has been made by the obligor in respect of the Reference Obligation, but such payment is not immediately transferable from any applicable agent and/or the Reference Obligation Custodian and/or other similar party to the Issuer and/or relevant Affiliate.
- (c) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Notes. In such circumstances the Issuer will, if and to the extent permitted by Applicable Law, pay to each Holder in respect of each Note held by such Holder an amount calculated by the Issuer as the fair market value of the Note immediately prior to such termination less (Without Duplication) (i) the Note's pro rata share of the cost to the Issuer and/or any Affiliate of unwinding any related hedging arrangements, including costs relating to a loss of funding or the early repayment of borrowings (determined without taking into account the creditworthiness of the Issuer) and (ii) the Tax Amount. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4; or
 - (ii) make any adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Notes after adjusting for the relevant Hedging Disruption Event.

- (iii) If an event may result in the occurrence of either a Hedging Disruption Event or a Potential Index Event (as defined in the Product Conditions), the provisions relating to a Potential Index Event shall apply.

6. PURCHASES, FURTHER ISSUES BY THE ISSUER AND PRESCRIPTION

- (a) Purchases. The Issuer or any Affiliate may purchase Notes at any price in the open market or by tender or private treaty. Any Notes so purchased may be held, surrendered for cancellation or reissued or resold, and Notes so reissued or resold shall for all purposes be deemed to form part of the original series of Notes.

In this General Condition 6(a) "**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means the ownership of a majority of the voting power of the entity and "**controlled by**" and "**controls**" shall be construed accordingly.

- (b) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Holders or any of them to create and issue further securities so as to be consolidated with and form a single series with the Notes.
- (c) Prescription. Any Note or coupon which is capable of presentation and is not so presented by its due date for presentation shall be void, and its value reduced to zero, if not so presented within five years of such due date.

7. DETERMINATIONS AND MODIFICATIONS

- (a) Determinations. Any determination made by the Issuer shall (save in the case of manifest error) be final, conclusive and binding on the Holders.
- (b) Modifications. The Issuer may, without the consent of the Holders or any of them, modify any provision of the Conditions which is: (i) of a formal, minor or technical nature; (ii) made to correct a manifest or proven error; or (iii) in its absolute discretion, not materially prejudicial to the interests of the Holders. Notice of any such modification will be given to the Holders in accordance with General Condition 4 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

8. SUBSTITUTION

- (a) Substitution of Issuer. The Issuer may at any time, without the consent of the Holders, substitute for itself as principal obligor under the Notes any company (the "**Substitute**"), being any subsidiary or Affiliate of the Issuer, subject to: (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent legal, valid and binding obligations of the

Substitute having been taken, fulfilled and done and being in full force and effect; and (ii) the Issuer having given at least 30 days' prior notice of the date of such substitution to the Holders in accordance with General Condition 4. In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall from such time be construed as a reference to the Substitute.

- (b) Substitution of Office. The Issuer shall have the right upon notice to the Holders in accordance with General Condition 4 to change the office through which it is acting and shall specify the date of such change in such notice.

9. EVENTS OF DEFAULT

If any one or more of the following events (each, an "**Event of Default**") shall occur and be continuing:

- (a) default is made for more than 30 days in the payment of interest or principal in respect of the Notes; or
- (b) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (c) an order is made or an effective resolution is passed for the winding up of the Issuer (excluding a solvent winding up solely for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation in connection with which The Royal Bank of Scotland Group plc or any of its subsidiaries assumes the obligations of the Issuer as principal debtor in respect of the Notes),

then any Holder may, by written notice to the Issuer at the specified office of the Principal Agent, effective upon the date of receipt thereof by the Principal Agent, declare the Note(s) held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as defined below), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

"Early Redemption Amount" means an amount in respect of each Note which, in the determination of the Calculation Agent, represents the fair market value of such Note (taking into account all factors which the Calculation Agent determines relevant) less an amount, apportioned pro rata amongst each of the Notes, equal to the sum of (Without Duplication) all costs, fees, charges, expenses (including costs relating to a loss of funding or the early repayment of borrowings), taxes and duties incurred by the Issuer and/or any of its Affiliates in connection with the acceleration of the Notes and the related termination or settlement of any hedge or related trading position as a consequence of such Event of Default, and provided that no account shall be taken of the financial condition of the Issuer, which shall be presumed to be able to perform fully its obligations in respect of the Notes.

10. TAXATION

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Notes. In relation to each Note the relevant Holder shall pay all Expenses as provided in the Product Conditions. All payments or, as the case may be, deliveries in respect of the Notes will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever). The Holder shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Notes held by such Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. The tax treatment of the Notes depends on the individual circumstances of each Holder and may be subject to change in the future.

11. REPLACEMENT OF NOTES AND COUPONS

If any Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Agent (or such other place of which notice shall have be given to the Holders in accordance with General Condition 4) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

12. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Holder, on giving notice to the Holders in accordance with General Condition 4 elect that, with effect from the Adjustment Date specified in such notice, certain terms of the Notes shall be redenominated in euro. The election will have effect as follows:

- (1) the Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Notes will be made solely in euro as though references in the Notes to the Settlement Currency were to euro;
 - (2) all references in the Conditions to the Settlement Currency or any notes of exchange shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and
 - (3) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.
- (b) **Adjustment to Conditions.** The Issuer may, without the consent of the Holders, on giving notice to the Holders in accordance with General Condition 4 make such adjustments to the Conditions as the Issuer may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) **Euro Conversion Costs.** Notwithstanding General Condition 12(a) and/or General Condition 12(b), none of the Issuer, the Calculation Agent nor any Agent shall be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.
- (d) **Definitions Relating to European Economic and Monetary Union.** In this General Condition, the following expressions have the meanings set out below.

"Adjustment Date" means a date specified by the Issuer in the notice given to the Holders pursuant to this General Condition 12 which falls on or after the date on which the country of the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"Established Rate" means the rate for the conversion of the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"National Currency Unit" means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended.

13. AGENTS

- (a) Principal Agent and Agents. The Issuer reserves the right at any time to vary or terminate the appointment of any agent (the "**Agent**") and to appoint further or additional Agents, provided that no termination of appointment of the principal agent (the "**Principal Agent**") shall become effective until a replacement Principal Agent shall have been appointed and provided that, if and to the extent that any of the Notes are listed on any stock exchange or publicly offered in any jurisdiction, there shall be an Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will be given to the Holders in accordance with General Condition 4. Each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders or any of them. Any calculations or determinations in respect of the Notes made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Holders.
- (b) Calculation Agent. The Issuer shall undertake the duties of calculation agent (the "**Calculation Agent**", which expression shall include any successor calculation agent) in respect of the Notes unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.
 - (C) The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any termination or appointment will be given to the Holders in accordance with General Condition 4.
 - (D) The Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. Any calculations or determinations in respect of the Notes made by the Calculation Agent (whether or not the Issuer) shall (save in the case of manifest error) be final, conclusive and binding on the Holders.
 - (E) The Calculation Agent may, with the consent of the Issuer (if the Calculation Agent is not the Issuer), delegate any of its obligations and functions to a third party as it deems appropriate.

14. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the English Contracts (Rights of Third Parties) Act 1999 to enforce any Condition. The preceding sentence shall not affect any right or remedy of any person which exists or is available apart from that Act.

15. GOVERNING LAW AND JURISDICTION

- (a) The Notes and any non-contractual obligation arising out of or connection with the Notes are governed by and shall be construed in accordance with English law.
- (b) The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or in connection with the Notes, including any disputes relating to any non-contractual obligations arising out of or in connection therewith.
- (c) Subparagraph (b) is for the benefit of the Holders only. As a result, nothing prevents any Holder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Holders may take concurrent Proceedings in any number of jurisdictions.
- (d) The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

PRODUCT CONDITIONS

The Product Conditions (including the Appendices hereto) which follow relate to the Notes and must be read in conjunction with, and are subject to, the General Conditions. The Product Conditions (including the Appendices hereto) and the General Conditions together constitute the Conditions of the Notes (the "Conditions") and will be printed on the Definitive Notes or attached to each Global Note representing the Notes.

The Notes are Credit and Index Linked Notes.

1. DEFINITIONS

Terms in capitals used in these Product Conditions shall have the meanings ascribed to them in the General Conditions, or the Appendices hereto.

2. FORM

Each Note will be issued in bearer form in the denomination of PLN 1,000 (the "**Calculation Amount**"). The Notes will be initially issued in the form of a Temporary Global Note (the "**Temporary Global Note**") and whilst any Note is represented by a Temporary Global Note payments of principal and interest in respect of the Notes due prior the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons, or persons who purchase for resale to any US person as required by US Treasury regulations, has been received by the applicable Clearing Agent and the applicable Clearing Agent has given a like certification (based on the certifications it has received) to the Principal Agent. On and after the date (the "**Exchange Date**") which is the later of (A) 40 days after the Temporary Global Note is issued and (B) 40 days after the completion of the distribution of the Notes as determined and notified by the Principal Agent (the "Distribution Compliance Period"), interests in such Temporary Global Note will be exchangeable (free of charge) upon request as described therein for interests in a Permanent Global Note (the "**Permanent Global Note**").

The Temporary Global Note and the Permanent Global Note are each referred to as a "**Global Note**".

Each Global Note will be deposited with a Clearing Agent or the depository for one or more Clearing Agents and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Notes are transferred. Interests in a Permanent Global Note will be exchangeable (free of charge) in whole but not in part for definitive Notes ("**Definitive Notes**") with (where applicable) receipts, interest coupons and talons attached thereto only in circumstances where the Issuer has been notified that each Clearing

Agent has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor Clearing Agent is available or where the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form. Notwithstanding the foregoing, Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.

Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular aggregate nominal amount of the Notes (in which regard any certificate or other document issued by the relevant Clearing Agent as to the aggregate nominal amount of the Notes standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such aggregate nominal amount of the Notes (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Note.

3. RIGHTS AND PROCEDURES

- (a) Redemption on the Maturity Date. Unless previously redeemed or purchased and cancelled and subject as provided elsewhere in the Conditions and provided (i) that Conditions to Settlement are not satisfied and (ii) that no Index Event has occurred, each Note will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Maturity Date.
- (b) If (i) the Conditions to Settlement are satisfied and/or (ii) an Index Event has occurred, then the provisions of Product Condition 4 shall apply.
- (c) Interest.

Other than for Unwind Interest Amounts, if any, the Notes do not bear interest.

Following (i) either satisfaction of Conditions to Settlement or the occurrence of an Index Event or (ii) both satisfaction of Conditions to Settlement and the occurrence of an Index Event, on the Event Redemption Date the Issuer shall, in respect of each Note and the Credit Event and/or Index Event, pay (in addition to the Event Redemption Amount) an amount in the Settlement Currency equal to the applicable Unwind Interest Amounts.

For the avoidance of doubt, upon redemption following the occurrence of both satisfaction of Conditions to Settlement and the occurrence of an Index Event, an Unwind Interest Amount will be payable in respect of each of the Credit Event and the Index Event, in accordance with the above calculations, in each case on the Event Redemption Date.

- (d) **Method of Payment.** Subject as provided below, where any amount payable in respect of the Notes is in a currency other than euro, such payment will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; or where any amount payable in respect of the Notes is in euro, such payment will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Notwithstanding the previous two sentences, for as long as the Notes are represented by the Global Note, payments will be made through the Clearing Agent(s) and will be made in accordance with the rules of each Clearing Agent. All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (e) **Presentation and Surrender.** If a Note is in definitive form, payment of the Cash Amount, Event Redemption Amount and any other amount(s) payable in respect of the Note will be made against presentation and, if applicable, surrender of the Note by or on behalf of the Holder at the specified office of the Principal Agent. If a Note is represented by the Global Note, payment of the Cash Amount, Event Redemption Amount and any other amount(s) payable in respect of the Note will be made against presentation and, if applicable, surrender of the Global Note by or on behalf of the Holder at the specified office of the Principal Agent. In all such cases payment will be subject to any endorsement on the face of the Note. In the case of any Global Note, the Issuer shall record all payments made by it to the relevant Clearing Agent and such record shall be *prima facie* evidence that the payment in question has been made. The bearer of a Note shall be the only person entitled to receive payments of the Cash Amount, Event Redemption Amount and any other amount(s) payable in respect of the Note and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Note, or (in the case of a Global Note) each of the persons shown in the records of a Clearing Agent as the holder of a particular aggregate nominal amount of the Notes, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Note. References in this paragraph to Cash Amount shall include any other amount payable on redemption of a Note.
- (f) **Payment Day.** If the date for payment of any amount in respect of a Note is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and the Holder shall not be entitled to any interest or other payment in respect of such delay.

- (g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any amount or payment in respect of the Notes.
- (h) Settlement Risk. Settlement of the Notes is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Notes.
- (i) Expenses. In respect of each Note, all Expenses in respect thereof shall be for the account of the relevant Holder and no payment of any amount in respect of the Notes shall be made until all Expenses in respect thereof have been paid or deducted to the full satisfaction of the Issuer, provided that in each case Expenses shall be Without Duplication of any amount reflected in Unwind Costs, if applicable and provided further no Expenses shall be deducted from any Cash Amount.

4. OCCURRENCE OF A CREDIT EVENT OR AN INDEX EVENT

- (a) If Conditions to Settlement are satisfied, the Issuer shall give notice (such notice a "**Settlement Notice**") to the Holders as soon as is reasonably practicable in accordance with General Condition 4 and redeem all but not some only of the Notes at the applicable Event Redemption Amount on the Event Redemption Date.

If a Note becomes redeemable in accordance with this Product Condition 4(a), upon payment of the Event Redemption Amount in respect of such Note the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Event Redemption Amount is likely to be less than (and in some cases significantly less than) the Cash Amount which might otherwise have fallen due in respect of such Note. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.

- (b) Following the occurrence of an Index Event, the Issuer will provide a Settlement Notice to the Holders as soon as is reasonably practicable in accordance with General Condition 4 and redeem all but not some only of the Notes at the applicable Event Redemption Amount on the Event Redemption Date.

If a Note becomes redeemable in accordance with this Product Condition 4(b), upon payment of the Event Redemption Amount in respect of such Note the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Event Redemption Amount is likely to be

less than (and in some cases significantly less than) the Cash Amount which might otherwise have fallen due in respect of such Note. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.

- (c) In circumstances in which both Conditions to Settlement are satisfied and an Index Event has occurred, the Issuer will provide a Settlement Notice to the Holders in respect of each of the Credit Event and the Index Event, in each case as soon as practicable in accordance with (a) and (b) above and with General Condition 4 and redeem all but not some only of the Notes at the applicable Event Redemption Amount on the Event Redemption Date.

If a Note becomes redeemable in accordance with this Product Condition 4(c), upon payment of the Event Redemption Amount in respect of such Note the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Event Redemption Amount is likely to be less than (and in some cases significantly less than) the Cash Amount which might otherwise have fallen due in respect of such Note. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.

5. MATURITY DATE EXTENSION

If on the Scheduled Maturity Date, Conditions to Settlement have not been satisfied but, in the opinion of the Calculation Agent, a Credit Event may have occurred, the Calculation Agent may (but will not be required to) notify the Holders in accordance with General Condition 4 that the Scheduled Maturity Date and the last day of the Notice Delivery Period has been postponed to a date (such date the "**Postponed Maturity Date**") specified in such notice falling 12 Business Days after the Scheduled Maturity Date and if the Calculation Agent so notifies the Holders:

- (a) where Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date, each Note will be redeemed by the Issuer, in respect of each Note, by payment of the Cash Amount (or, if an Index Event has occurred, the Event Redemption Amount), on the Postponed Maturity Date; or
- (b) where Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Product Condition 4 shall apply to the Notes and no further or other amount in respect of interest shall be payable in respect of such delay.

6. CALCULATION AGENT, CALCULATION AGENT NOTICES AND MODIFICATIONS

Pursuant to the Conditions the Calculation Agent has a number of discretions. These are necessary because certain circumstances and/or the occurrence of certain events may materially affect the costs to the Issuer and/or a hedging counterparty of maintaining the Notes and/or the hedging

arrangements for the Notes, in each case before and after the occurrence of such event, in a way which has not been reflected in the original pricing of the Notes. In addition certain circumstances may arise where it is not reasonably practicable or otherwise not appropriate for certain valuations to be carried out in relation to the Reference Entity or Reference Obligation, to the Index or other relevant values. In these circumstances the Calculation Agent also may exercise certain discretions.

Whenever the Calculation Agent is required to act or exercise judgment it will do so in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Conditions and the hedging arrangements entered into with any relevant hedging counterparty). The Calculation Agent shall, as soon as practicable after making any determination in relation to a Credit Event notify the Issuer and the Holders of such determination. The Calculation Agent is not acting as a fiduciary for or as an advisor to the Holders in respect of its duties as Calculation Agent in connection with any Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent under the Notes shall (in the absence of manifest error) be final and binding on the Issuer and the Holders. Whenever the Calculation Agent is required to make any determination it may, inter alia, decide issues of construction and legal interpretation. Notwithstanding that certain calculations, determinations and adjustments in the Conditions may be expressed to be on a certain date, the Calculation Agent may make such calculations, determinations and adjustments in respect of that date on a date after that date determined by it in its discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and, in the absence of wilful misconduct or gross negligence, neither the Calculation Agent nor the Issuer shall bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

Any notice to be delivered by the Calculation Agent to the Issuer pursuant to the Conditions may be given in writing (including by facsimile and/or e-mail or by telephone) or, in the case where the Issuer and the Calculation Agent are the same legal entity, any notice shall be deemed to be given by the Calculation Agent to the Issuer on the earliest date on which such notice could have been given. Any such notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. Any such notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day or on a day which is not a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day regardless of the form in which it is delivered. For purposes of the two preceding sentences and notwithstanding the provisions therein, a notice

given by telephone will be deemed to have been delivered at the time the telephone conversation takes place whether or not such conversation occurs on a Calculation Agent City Business Day. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. However, failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

The Calculation Agent will employ the methodology described in the Conditions to determine the amounts payable in respect of the Notes provided that, without prejudice to General Condition 7, the Calculation Agent shall be free to modify such methodology from time to time as it, acting in good faith and in a commercially reasonable manner, deems appropriate in response to any market, regulatory, juridical, fiscal or other circumstances which may arise which, in the opinion of the Calculation Agent, necessitates a modification or change of such methodology, or for the purposes of (i) curing any ambiguity or correcting or supplementing any provision of the Conditions, (ii) accounting for any change in the basis on which any relevant values, levels or information is calculated or provided which would materially change the commercial effect of any provision or provisions of the Conditions or (iii) replacing any information provider or source.

APPENDIX 1 TO THE PRODUCT CONDITIONS

DEFINED TERMS

Interpretation

The following definitions should be read in conjunction with the Product Conditions. Additional definitions relating specifically to the Index are set out in Appendix 2 to the Product Conditions.

"Affiliate" means, in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **"control"** means ownership of a majority of the voting power of an entity.

"Agent" means each of the Principal Agent and Agent(s), each as specified in the Final Terms, each acting through its specified office and, together, the **"Agents"** which expression shall include any other Agent appointed pursuant to the provisions of General Condition 13.

"Aggregate Nominal Amount" means, at any time in respect of the Notes, the aggregate of the Nominal Amounts of all Notes outstanding at such time which amount shall be, as of the Issue Date, up to PLN 200,000,000.

"Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in each Specified Business Centre specified for that purpose in the Final Terms, and a day on which the Trans-European Automated Real-Time Gross-Settlement Express Transfer (TARGET2) System is open (a **"TARGET2 Day"**).

"Calculation Agent City Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City specified in the Final Terms.

"Calculation Amount" has the meaning given to it in Product Condition 2.

"Cash Amount" means an amount per Note determined by the Calculation Agent in accordance with the provisions specified for the determination of the Cash Amount in the Final Terms.

The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards.

"Conditions" has the meaning given to it in the first paragraph of the Product Conditions.

"Conditions to Settlement" shall be deemed to be satisfied by the occurrence of a Credit Event Determination Date.

"Credit Event" means the occurrence of any one or more of the Credit Events specified in the Final Terms as determined by the Calculation Agent, regardless of whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"Credit Event Determination Date" means, in respect of any Credit Event, the first date on which the Credit Event Notice is delivered by the Calculation Agent to the Issuer during the Notice Delivery Period.

"Credit Event Notice" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after the Trade Date (determined by reference to the Relevant Time) and on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time).

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Product Condition 6.

"Default Requirement" means PLN 1, or its equivalent as calculated by the Calculation Agent in the Obligation Currency as of the occurrence of the Credit Event.

"Definitive Notes" has the meaning given to it in Product Condition 2.

"Event Redemption Amount" means an amount per Note determined by the Calculation Agent in accordance with the provisions specified for the determination of the Event Redemption Amount in the Final Terms.

"Event Redemption Date" means (A) in respect of a redemption following satisfaction of Conditions to Settlement (including in circumstances where both of the Conditions to Settlement have been satisfied and an Index Event has occurred), the later of (i) the Scheduled Maturity Date and (ii) the third Business Day immediately following the date on which the Final Price is determined; and (B) in respect of a redemption following the occurrence of an Index Event only, the Scheduled Maturity Date or, if Product Condition 5 applies, the Postponed Maturity Date.

"Exchange Date" has the meaning given to it in Product Condition 2.

"**Expenses**" means, in respect of a Note and Without Duplication, all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with any payment or delivery due from time to time or on redemption, in respect of such Note.

"**Final Price**" means the price of the Reference Obligation or, if applicable the Substitute Reference Obligation, expressed as a percentage, determined in respect of a Valuation Date in accordance with the relevant Valuation Method specified in the definition of Valuation Method below. In respect of any Final Price determined in accordance with a Valuation Method which requires the Calculation Agent to obtain Quotations for a Valuation Date, the Calculation Agent shall, as soon as practicable after obtaining all Quotations for such Valuation Date, make available for inspection by Holders at the specified office of the Principal Agent (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

"**Final Terms**" means Appendix 3 to the Product Conditions.

"**Full Quotation**" means, in accordance with the Quotation Method, each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an outstanding principal amount equal to the Quotation Amount.

"**Global Note**" has the meaning given to it in Product Condition 2.

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

"**Hedging Party**" means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements with respect to the Issuer's obligations under the Notes from time to time.

"**Holder**" has the meaning given to it in Product Condition 2.

"**Hypothetical Investor**" means a hypothetical investor in the Reference Obligations and/or Substitute Reference Obligations, as applicable, which is deemed (i) to be a financial institution having the benefits and obligations of an investor holding Substitute Reference Obligations at the relevant time, and (ii) to be resident or organised in the United Kingdom. However, no such party shall be under any obligation to invest in or hold any Substitute Reference Obligation and nothing in this definition shall be construed as imposing any such requirement.

"**Index**" means the index specified in the Final Terms.

"**Issue Date**" means the date specified as such in the Final Terms.

"**Maturity Date**" means the date specified as such in the Final Terms, subject as provided in the Product Conditions.

"Nominal Amount" means the amount specified as such in respect of each Note in the Final Terms.

"Notice Delivery Period" means the period from and including the Trade Date to and including the Scheduled Maturity Date, subject to extension pursuant to Product Condition 5 (*Maturity Date Extension*).

"Obligation" means the Reference Obligation.

"Obligation Currency" means, in respect of an Obligation, the currency or currencies in which the Obligation is denominated.

"Obligation Default" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (however described) in respect of a Reference Entity under one or more Obligations.

"Payment Day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) in the place of presentation and the principal financial centre for the Settlement Currency.

"Permanent Global Note" has the meaning given to it in Product Condition 2.

"Permitted Currency" means (i) the legal tender of any Group of 8 country (or any country that becomes a member of the Group of 8 if such Group of 8 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

"Postponed Maturity Date" has the meaning given to it in Product Condition 5.

"Quotation" means each Full Quotation and/or Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth

Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

- (b) The Calculation Agent shall determine based on then-current market practice in the market of the Reference Obligation whether such Quotations shall include or exclude accrued but unpaid interest and shall apply such determination to all Quotations obtained at such time in respect of such Reference Obligation.
- (c) Any Quotation obtained with respect to the Reference Obligation shall be expressed as a percentage of the amount payable in respect of such obligation at maturity.

"Quotation Amount" means the Aggregate Nominal Amount (or its equivalent in the Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

"Quotation Dealer" means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained, as selected by the Calculation Agent. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

"Quotation Method" means that only bid quotations shall be requested from Quotation Dealers.

"Reference Entity" means the entity specified as such in the Final Terms, provided that "Reference Entity" shall be subject to adjustment whereby any Successor to a Reference Entity identified pursuant to the definition of "Successor" on or following the Trade Date shall be the Reference Entity.

"Reference Obligation" means the obligation specified as such in the Final Terms.

"Reference Obligation Custodian" means the custodian, if any, appointed by the Issuer or by any of its Affiliates and/or by any Hedging Parties in respect of the Issuer's and/or such Affiliate's and such Hedging Party's hedging arrangements relating to the Reference Obligation.

"Relevant Holding" means the Reference Obligations (being the original Reference Obligations and any Substitute Reference Obligations) which the Calculation Agent determines a Hypothetical Investor would hold as of the Valuation Date and any other relevant time on the basis that, at all relevant times prior to any Substitute Reference Obligation existing, the Hypothetical Investor held an aggregate outstanding principal amount of Reference Obligations equal to the Aggregate Nominal Amount at such time and that, thereafter, the Hypothetical Investor holds all original Reference Obligations (if any) remaining from such holding and

all Substitute Reference Obligations that the Hypothetical Investor would have received in respect of such holding during the period from and including the Issue Date to and including the Valuation Date.

"Relevant Time" means Greenwich Mean Time.

"Restructuring" means, with respect to the Reference Obligation and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of the Reference Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of the Reference Obligation to bind all the holders of the Reference Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of the Reference Obligation, and such event is not expressly provided for under the terms of the Reference Obligation in effect as of the date as of which the Reference Obligation is issued or incurred:

- (i) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (ii) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (iii) a change in the ranking in priority of payment of the Reference Obligation, causing the Subordination of the Reference Obligation to any other obligation of the Reference Entity;
- (iv) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency; or
- (v) the Reference Obligation is replaced, in whole or part, with Substitute Reference Obligation(s) or a Substitute Reference Obligation exists at any time.

Notwithstanding the above provisions, the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty on the Functioning of the European Union shall not constitute a Restructuring;

"Settlement Currency" means the currency specified as such in the Final Terms.

"Settlement Notice" has the meaning given to it in Product Condition 4.

"Subordination" means, with respect to any obligation (the **"Subordination Obligation"**) and another obligation of the Reference Entity to which such obligation is being compared (the **"Senior Obligation"**), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation.

"**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account.

"**Substitute Reference Obligation**" means, at any time following a redemption, exchange or cancellation of the Reference Obligation (or it otherwise ceasing to be outstanding for any reason) in whole or part, the cash, securities, rights and/or other assets (if any and whether tangible or otherwise) of the Reference Entity or of a third party which a holder of the Reference Obligation in a principal amount equal to the Aggregate Nominal Amount would receive in connection with such redemption, exchange or cancellation or other event, all as determined by the Calculation Agent.

"**Succession Event**" means with respect to the Reference Entity, an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. In the event that one or more Substitute Reference Obligation(s) are identified and are in the form of cash, securities, rights and/or other assets (if any and whether tangible or otherwise), then the word "obligation" in the preceding sentence shall be construed to include any such cash, securities, rights and/or other assets.

"**Successor**" means, following a Succession Event, the entity or entities that is or becomes the primary obligor in respect of the Reference Obligation. In the event that one or more Substitute Reference Obligation(s) are identified and are in the form of cash, securities, rights and/or other assets (if any and whether tangible or otherwise), then the word "obligor" in the preceding sentence shall be construed to include the entity or entities most closely associated with any such cash, securities, rights and/or other assets, in the determination of the Calculation Agent.

"**Tax Amount**" means, in respect of each Note and Without Duplication, an amount (if any) determined by the Calculation Agent as of the date of determination of the amount due on early redemption of the Notes due to an illegality or a hedging disruption, equal to any amount that would be withheld in respect of tax, duty or other similar charges on payments made under the Relevant Holding, upon redemption and settlement thereof at the stated maturity of the Reference Obligations, to a holder of the Reference Obligation with the same tax status as the Issuer, such amount to be apportioned *pro rata* amongst each of the Notes.

"**Temporary Global Note**" has the meaning given to it in Product Condition 2.

"**Trade Date**" means the date specified as such in the Final Terms.

"**Unwind Costs**" means an amount per Note determined by the Calculation Agent equal to the sum of (Without Duplication) all costs, fees, charges, expenses (including costs relating to a loss of funding or the early repayment of borrowings), taxes and duties incurred by the Issuer and/or any of its Affiliates in connection with payment of the relevant amount or the redemption of the Notes and the related termination,

settlement or re-establishment of any hedge or related trading position as a consequence of a Credit Event, such amount to be apportioned *pro rata* amongst each of the Notes.

"Unwind Interest Amount" means, in respect of a Credit Event in respect of which Conditions to Settlement have been satisfied or the occurrence of an Index Event (as applicable) and any relevant day:

- (a) in respect of a Credit Event in respect of which Conditions to Settlement have been satisfied:
 - (i) an amount which is first calculated on the first day of the relevant Unwind Interest Period as equal to the product of:
 - (A) (I) the product of the Nominal Amount and the Final Price less (II) the Unwind Costs; and
 - (B) the Unwind Interest Rate on such day divided by 365; and
 - (ii) thereafter, an amount which is calculated on a daily basis equal to the product of:
 - (A) (I) the Unwind Interest Amount in respect of such Credit Event on the immediately preceding day; and
 - (B) (I) 100% plus (II) the Unwind Interest Rate on such day divided by 365; and
- (b) in respect of an Index Event:
 - (i) an amount which is first calculated on the first day of the relevant Unwind Interest Period as equal to the product of:
 - (A) the Mandatory Unwind Amount; and
 - (B) the Unwind Interest Rate on such day divided by 365; and
 - (ii) thereafter, an amount which is calculated on a daily basis equal to the product of:
 - (A) the Unwind Interest Amount in respect of such Index Event on the immediately preceding day; and
 - (B) (I) 100% plus (II) the Unwind Interest Rate on such day divided by 365.

"Unwind Interest Period" means (a) in the case of redemption following satisfaction of Conditions to Settlement, the period from and including the date on which the Final Price is determined to but excluding the tenth Business Day preceding the Event Redemption Date; and (b) in the case of redemption following an Index Event, the period from and including the date on which the Calculation Agent determines the applicable Index Event has occurred to but excluding the Event Redemption Date.

"Unwind Interest Rate" means, in respect of any day, WIBOR Overnight for such day minus 1.00 per cent or, if greater, zero.

"**U.S. Person**" has the meaning given to such term in Regulation S under the United States Securities Act of 1933 as amended or in regulations adopted under the United States Commodity Exchange Act, as amended.

"**WIBOR Overnight**" means, in respect of any day, the overnight rate for deposits in PLN which appears on Bloomberg Screen WIBOON <Index> (or any successor page or service acceptable to the Calculation Agent) as of 11:00 a.m. Warsaw time on such day or, if such day is not a Business Day on the immediately preceding Business Day.

"**Valuation Date**" means the date that is ten Business Days after satisfaction of Conditions to Settlement.

"**Valuation Method**":

- (a) Where no Substitute Reference Obligations exist, the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date; or
- (b) Where a Substitute Reference Obligation exists, the Calculation Agent will determine the Final Price as equal to the quotient (expressed as a percentage) of:
 - (i) (as numerator) the fair market value (expressed in the Settlement Currency) of the Reference Holding determined by the Calculation Agent as of the Valuation Date by reference to such source(s) as it determines appropriate and, in respect of all or part of the Reference Holding, the Calculation Agent may, if it determines appropriate, apply a valuation methodology involving Quotations; and
 - (ii) (as denominator) the Aggregate Nominal Amount.

"**Valuation Time**" means the time specified as such in the Final Terms.

"**Weighted Average Quotation**" means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an outstanding principal amount equal to the Quotation Amount.

"**Without Duplication**" means that, in the event that the various cost or expense deductions applicable in respect of any calculation may overlap (for example, costs relating to unwinding hedging arrangements), such deductions shall not be included in such calculation more than once.

APPENDIX 2 TO THE PRODUCT CONDITIONS

TERMS RELATING TO THE INDEX

The Calculation Agent shall determine the Option Payoff Amount and/or any other values or amounts in respect of the Notes as specified in, or determined in the manner specified in, the Conditions (including this Appendix 2 to the Product Conditions and the Final Terms). In all cases the terms applicable to the Notes are subject to adjustment in accordance with this Appendix 2 to take account of any Potential Index Event. All determinations of the Calculation Agent shall be made in accordance with the provisions of

Product Condition 6. **For the avoidance of doubt nothing in the Conditions shall require the Calculation Agent or the Issuer to monitor the Index, any Fund or any Fund Shares referenced by the Index on an on-going basis and no representation (express or implied) is made that there will be any such monitoring.**

1. Definitions

"Additional Disruption Event" means any of Change in Law, Fund Hedging Disruption and/or Increased Cost of Hedging.

"AUM Event" means in the determination of the Calculation Agent the official assets under management of any Fund is an amount lower than US\$ 1,000,000,000 (or its equivalent in the applicable currency), unless the Calculation Agent is otherwise satisfied with the fund manager in respect of such Fund.

"Average Index Level" means the average of the Index Levels as of each of the Averaging Dates.

"Averaging Date" means each date specified as an Averaging Date in the Final Terms or, if any such date is not an Index Business Day, the immediately following Index Business Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day then the Averaging Date will be the first succeeding Index Business Day that is not a Disrupted Day, provided that (A) such day shall not be later than the fifth Index Business Day immediately following the scheduled Averaging Date (the **"Disruption Cut-Off Date"**), notwithstanding that such day may be a Disrupted Day and (B) in this case the Calculation Agent shall determine the Index Level as of the Valuation Time on the Disruption Cut-Off Date in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the quoted price or such other level or value as the Calculation Agent determines appropriate as of the Valuation Time on the Disruption Cut-Off Date of each Fund Share (or if no such quoted price or other level or value is available in respect of such Fund Share on the Disruption Cut-Off Date, its good faith estimate of the price of the relevant Fund Share as of the Valuation Time on the Disruption Cut-Off Date).

"Change in Law" means that, on or after the Trade Date (as specified in the Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer or any of its Affiliates or agents acting on its behalf determines in good faith that (x) it has become illegal to hold, acquire or dispose of any Fund Shares, or (y) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"Disrupted Day" means any Index Business Day on which a Market Disruption Event has occurred (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of a Potential Index Event).

"**Extraordinary Event**" means any of Insolvency, Fund Merger Event, Nationalisation and/or Tender Offer.

"**Fund**" means any of the funds to which the Fund Shares relate.

"**Fund Basket**" means the Basket of Fund Shares described in the Final Terms, subject to adjustment in accordance with this Appendix 2 to the Product Conditions.

"**Fund Basket Performance**" means an amount determined by the Calculation Agent on the Index Valuation Date in accordance with the following formula:

$$(\text{Average Index Level} / \text{Initial Index Level}) - 1$$

"**Fund Breach Event**" means any of the following occurring, in respect of a Fund:

- (a) Global Events:
- (i) The strategy/investment objective of the Fund has changed so that it is substantially different from that applicable at the Issue Date.
 - (ii) The Calculation Agent is not satisfied that the Fund is being managed in accordance with its rules or in accordance with the description of the Fund's strategy/investment objective contained in the Fund's offering document or any other document prepared in connection with the marketing of the Fund and the Management Company has failed to (a) take any action satisfactory to the Calculation Agent within five (5) Business Days from the date on which such change occurred with a view towards correcting such change or (b) actually correct the change by the date which falls five Business Days prior to the cut-off date for the delivery of a redemption notice to the Fund in respect of a redemption of the Fund Shares immediately after the date on which the relevant change occurred or such other date as determined by the Calculation Agent.
 - (iii) The currency of denomination of the Fund Shares of the Fund is amended so that the net asset value of the Fund Shares is no longer calculated in the same currency as at the disbursement date in respect of the Fund.
 - (iv) The activities of the Fund or its Management Company and/or any of their respective directors, officers, employees or agents are placed under review or investigation by any criminal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any criminal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, breach of any rule or regulation or other similar reason and/or the Fund or its Management Company and/or any of their respective directors, officers, employees or agents have any of their respective registrations, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.

- (v) Written notification by the Management Company to holders of Fund Shares of the Fund, or to the administrator of the Fund that it believes it is not advisable to continue operation of the Fund because it is not economically prudent to do so or the strategy/investment objective of the Fund in respect of those Fund Shares cannot be met in the foreseeable future, or for similar reasons.
- (vi) The Fund, its Management Company or any of the Fund's prime brokers or service providers becomes party to any litigation or dispute which the Calculation Agent considers material at its sole discretion.
- (vii) Any security granted by the Fund, its Management Company or any of its prime brokers or service providers over any of their assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Calculation Agent is comparable to security over any such assets (including without limitation any repo or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repo, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or terminable early by reason of any event of default (howsoever described) relating to the Fund, of its Management Company or, where applicable, the relevant prime broker or service provider to the Fund.
- (viii) The Calculation Agent determines that the operation or organization of the Fund or its Management Company (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the disbursement date or that any such procedures, processes or policies are either not being applied or are not being applied consistently with their application on the disbursement date.
- (ix) Any event or change affecting any of the structure, ownership, management, reputation or solvency of the Fund and/or any units in the capital of the Fund which is likely to have a significant impact on the value of the net asset value of the Fund Shares of the Fund immediately or thereafter which the Calculation Agent determines is material at its sole discretion.
- (x) The Fund, its Management Company or any of the Fund's prime brokers or service providers has experienced or is experiencing a material adverse change, as determined by the Calculation Agent in its sole discretion, in its business, assets, operations or financial condition.
- (xi) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).

(xii) Significant market, trading or exchange disruption and/or crisis in the major financial markets.

(b) Net Asset Value:

(i) The Management Company in respect of the Fund fails to calculate the net asset value of the Fund Shares within 30 calendar days of a day on which it was scheduled, in accordance with the rules of the Fund or the description contained in the Fund's offering document, to calculate such net asset value or it makes any change to the methodology used for calculating either the net asset value of the Fund Shares or any estimate of the net asset value of the Fund Shares or it fails to calculate and publish the net asset value of the Fund Shares with the frequency set out in the relevant Funds documentation as of the Trade Date or it fails to calculate and deliver any estimate of its net asset value to the Issuer or an affiliate of the Issuer or a Hedging Party in accordance with such timing as it has previously provided such information.

(ii) The Fund or its Management Company amends the time delay between calculation of the net asset value (or any estimated net asset value) of the Fund Shares and the publication of such net asset value (or estimated net asset value) so that it is no longer the same as set out in the relevant Funds documentation as of the Trade Date, or the Fund or its Management Company fails to publish any other information relating to the Fund to be published in accordance with its rules or the Fund's offering document or fails to publish such information in accordance with the timetable therefore set out in its rules or in the Fund's offering document.

(iii) The audited net asset value of the Fund Shares is in the determination of the Calculation Agent materially different from the related net asset value previously published by the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund or any net asset value published by the Fund.

(iv) The decline in assets under management of the Fund since the Issue Date is greater than 50%, as determined by the Calculation Agent.

(c) Fund Shares:

Any of the following events relating to the Fund Shares of the Fund:

(i) a subdivision, reclassification or distribution of Fund Shares which has a diluting or concentrative effect on the theoretical value of the Fund Shares;

(ii) a (A) dividend (including cash and whether ordinary or extraordinary), (B) distribution or (C) issue of Fund Shares, capital, securities, rights or other assets or interests to existing

holders of Fund Shares which has or, in the opinion of the Calculation Agent, is likely to have an effect on the value of the Fund Shares; or

(iii) a call by the Fund in respect of Fund Shares that are not fully paid.

(d) Trading:

(i) The Issuer, its Affiliates or any other Hedging Party would be required to pay or would otherwise incur (a) a subscription fee in respect of a purchase of Fund Shares, or (b) a redemption fee in respect of a sale of Fund Shares (as the case may be) of the Fund in relation to their hedging activities in respect of the Issuer's obligations under the Notes.

(ii) Any suspension of or limitation imposed on trading of the Fund or on trading in the Fund Shares of the Fund (by reason of liquidity restrictions or otherwise) or any dealing request made by any investor or prospective investor in the Fund is deferred in whole or in part or is made at a value other than the related net asset value.

(iii) The Issuer, its affiliates or any other Hedging Party would be obliged (whether by the Management Company or otherwise) to redeem all or some of the units or shares (as the case may be) of the Fund that it may hold in relation to its hedging activities in respect of the Issuer's obligations under the Notes (notwithstanding that the Issuer is under no obligation hereunder to hold any Fund Shares).

(iv) The Fund or its Management Company amends the frequency at which Fund Shares of the Fund can be traded so that it is no longer the same as it was at the Trade Date or amends the timing for subscription or redemption of Fund Shares, including without limitation the timetable for payment of redemption proceeds upon redemption.

(v) The Fund or its Management Company amends the subscription notice period so that it is greater than the notice period for subscriptions was as of the Trade Date.

(vi) The Calculation Agent determines that if any of the Issuer, its affiliates, or any Hedging Party were to redeem Fund Shares (notwithstanding that the Issuer is under no obligation hereunder to hold any Fund Shares) on a redemption date in respect of the Fund, such person would not (i) receive full proceeds of such redemption in cash in accordance with the redemption proceeds timing set out in the relevant Funds documentation as of the Trade Date; or (ii) receive any in kind distribution in full or part satisfaction of the redemption proceeds paid or payable to it.

(e) Management Company Failures:

(i) The Management Company in respect of the Fund indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be,

met or the Management Company proposes or recommends the liquidation, dissolution or discontinuance of the Fund.

- (ii) Failure by the Management Company of the Fund to (i) submit redemption notices, enter into subscription agreements, or take other action, in each case, within five (5) Business Days from the date on which a breach of the investment restrictions set out in the Fund's offering document (the "**Portfolio Guidelines**") occurred, with a view towards curing such breach or (ii) actually cure any breach of the parameters of the Portfolio Guidelines on the date on which the relevant breach of the Portfolio Guidelines occurred.
- (iii) The Calculation Agent is unable, or it is impracticable for the Calculation Agent, to promptly obtain any information in relation to the business, assets, operations or financial condition of the Fund, its Management Company or any of the Fund's prime brokers or service providers which the Calculation Agent deems necessary for any determinations.
- (iv) Other than in connection with a market disruption, a failure by the Fund or its Management Company to submit redemption notices to the entities in which the Fund invests as and when required to begin the redemption process.
- (v) Failure by the Management Company of the Fund to take action satisfactory to the Calculation Agent and within a prompt timescale satisfactory to the Calculation Agent so as to have cured within 90 days any breach of any representations, covenants and agreements under the investment management agreement relating to the Fund, as the case may be.
- (vi) Resignation by the Management Company of the Fund as investment manager or any auditor, prime broker or other service provider for the Fund, or termination or other change of the Management Company as investment manager or prime broker or other service provider for the Fund or any change in the personnel of the Management Company, or any of the prime brokers or service providers to the Fund, which the Calculation Agent considers material.
- (vii) The Management Company of the Fund increases the management fee or incentive fee charged by the Management Company to the Fund in an amount that the Calculation Agent determines is material.

(f) Service Provider Failures:

Any prime broker to the Fund or the auditors or any other service provider to the Fund or the Management Company of the Fund resigns or their relationship with the Fund or its Management Company, as applicable, is otherwise terminated and the Calculation Agent considers that such resignation or termination (as the case may be) is material.

(g) Regulatory Constraints:

- (i) There is any change in the regulatory or tax treatment applicable with respect to the Fund, its Management Company or any of the Fund's prime brokers or service providers which, in the determination of the Calculation Agent, could have an economic impact for the Issuer, its affiliates or any Hedging Party as a (potential) holder of an interest in the Fund, as the case may be, (notwithstanding that the Issuer is under no obligation hereunder to hold any interest in the Fund) or could materially adversely affect the carrying out of the strategy/investment objective of the Fund.
- (ii) The Issuer, any of its affiliates or any Hedging Party deems it necessary or appropriate, in order to comply with or remain within any applicable legal and/or regulatory limits on the amounts of shares of the Fund that it may hold (notwithstanding that the Issuer is under no obligation hereunder to hold any shares of the Fund), to redeem all or some of the Fund Shares of the Fund.
- (iii) The Calculation Agent determines that the Issuer, its affiliates or any Hedging Party is or may in the future be unable, or that it may be difficult or impractical for any such entity to perform any obligation imposed on any such entity by the law or regulation of any relevant jurisdiction, including, without limitation, any regulatory or accounting reporting obligation, any relevant regulatory or administrative body or court of competent jurisdiction by reason of any (potential) investment in Fund Shares of the Fund (notwithstanding that the Issuer is under no obligation hereunder to hold any Fund Shares).

"Fund Event" means either of AUM Event and/or Fund Breach Event.

"Fund Hedging Disruption" means that the Issuer or any of its Affiliates or agents is unable, or it is impractical for the Issuer or any of its Affiliates or agents, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or appropriate to hedge the price risk relating to any Fund Share of the Issuer issuing and performing its obligations with respect to the Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), including, without limitation, where such inability or impracticability has arisen by reason of (x) any restriction on making new or additional investments in such Fund Shares, or (y) any mandatory redemption of a Fund Share imposed by the relevant Fund.

"Fund Merger Event" means, in respect of any relevant Fund Shares, any (i) reclassification or change of such Fund Shares that results in a transfer of or an irrevocable commitment to transfer all of such Fund Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Fund Share issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Fund Share issuer is the continuing entity and which does not result in any such reclassification or change of all such Fund Shares outstanding) or (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Fund Shares of the relevant Fund Share issuer

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that results in a transfer of or an irrevocable commitment to transfer all such Fund Shares (other than such Fund Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Fund Share issuer or its subsidiaries with or into another entity in which the Fund Share issuer is the continuing entity and which does not result in a reclassification or change of all such Fund Shares outstanding but results in the outstanding Fund Shares (other than Fund Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Fund Shares immediately following such event (a "Reverse Merger").

"Fund Share" means each fund share included in the Fund Basket from time to time.

"Increased Cost of Hedging" means that the Issuer or any of its Affiliates or agents would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or appropriate to hedge the price risk relating to any Fund Share of the Issuer issuing and performing its obligations with respect to the Notes, or (ii) realise, recover or remit the proceeds of any transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

"Index" means, subject to adjustment in accordance with this Appendix 2 to the Product Conditions, the RBS Volatility-Controlled Emerging Opportunities ER Strategy (Bloomberg: RBSVEOS2<Index>; Reuters Page .RBSVEOS2; website: www.rbs.com/indices (select "RBS Volatility Controlled Emerging Opportunities Strategy 2", which appears as "RBS VC Emerging Opportunities II Index (USD) ER 10%" on the website)), which relates to the performance of the Fund Basket.

"Index Business Day" means each day in respect of which the Index Sponsor is scheduled to calculate and publish the Index Level.

"Index Event" has the meaning given in item (iii) of paragraph 2 of this Appendix 2 to the Product Conditions.

"Index Level" means at any time, the level of the Index as determined by the Index Sponsor in accordance with the strategy description (which is available to Holders upon request at (i) the office of any Distributor and (ii) the offices of the Index Sponsor at The Royal Bank of Scotland plc, 250 Bishopsgate, London EC2M 4AA, UK) and published on the Issuer's website and the relevant Bloomberg and Reuters pages (as applicable) or if such page is not available any successor page or alternative source as determined by the Calculation Agent from time to time

"Index Option" means a notional European call option on market standard terms relating to the Fund Basket, with the following conditions: (1) a notional amount equal to the outstanding Aggregate Nominal Amount of the Notes from time to time; (2) a payout on exercise equal to the product of (i) the outstanding notional amount of the option as at the date of such exercise, (ii) the Participation Rate, and (iii) the greater

of (x) zero and (y) $(\text{Average Index Level} / \text{Initial Index Level}) - 1$; (3) a strike price equal to the Initial Index Level; (4) the Index Valuation Date as its valuation date; and (5) the Scheduled Maturity Date as its settlement date.

"Index Sponsor" means The Royal Bank of Scotland plc or any successor sponsor acceptable to the Calculation Agent.

"Index Valuation Date" means the third Business Day after the last occurring Averaging Date.

"Initial Index Level" means the Index Level as of the Strike Date.

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Fund Share issuer, (A) all the Fund Shares of that Fund Share issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Fund Shares of that Fund Share issuer become legally prohibited from transferring them.

"Management Company" means, in respect of each Fund, the respective management company (howsoever described).

"Mandatory Unwind Amount" means, in respect of each Note, an amount in the Settlement Currency determined by the Calculation Agent following the occurrence of an Index Event as the greater of (i) zero and (ii) such Note's *pro rata* share of an amount which represents the fair market value of the Index Option as of the date the Calculation Agent determines an Index Event has occurred, taking into account such factors as the Calculation Agent determines relevant, less all costs and expenses associated or incurred by the Issuer, any Affiliate and/or any Hedging Party in connection with such Index Event, including, without limitation, any costs associated with unwinding any hedge positions relating to the Notes, all as determined by the Calculation Agent.

"Market Disruption Event" means the failure by the Index Sponsor to calculate and publish the Index Level on any Index Business Day or in respect of such Index Business Day within the scheduled timeframe for publication.

"Nationalisation" means that all the Fund Shares or all or substantially all the assets of a Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof

"Option Payoff Amount" means, in respect of each Note, an amount in the Settlement Currency determined by the Calculation Agent on the Index Valuation Date equal to the product of (1) the Nominal Amount, (2) the Participation Rate; and (3) the greater of (i) zero and (ii) the Fund Basket Performance.

"Participation Rate" means 80 per cent..

"Potential Index Event" means the occurrence of any of (i) an Additional Disruption Event, (ii) an Extraordinary Event, (iii) a Fund Event or (iv) a Market Disruption Event (unless the Calculation Agent

determines, in its discretion, that such Market Disruption Event results in the occurrence of a Disrupted Day), in each case in the determination of the Calculation Agent.

"Strike Date" means 13 June 2011, or if such date is not an Index Business Day, the immediately succeeding Index Business Day unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day then the Strike Date will be the first succeeding Index Business Day that is not a Disrupted Day, provided that (A) such day shall not be later than the fifth Index Business Day immediately following the scheduled Strike Date (the **"Disruption Cut-Off Date"**), notwithstanding that such day may be a Disrupted Day and (B) in this case the Calculation Agent shall determine the Index Level as of the Valuation Time on the Disruption Cut-Off Date in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the quoted price or such other level or value as the Calculation Agent determines appropriate as of the Valuation Time on the Disruption Cut-Off Date of each Fund Share (or if no such quoted price or other level or value is available in respect of such Fund Share on the Disruption Cut-Off Date, its good faith estimate of the price of the relevant Fund Share as of the Valuation Time on the Disruption Cut-Off Date).

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of any Fund, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"Valuation Time" means the time at which the Calculation Agent determines, in its sole discretion, that all necessary information (including, without limitation, the notional receipt of fund redemption proceeds for any redemption orders placed) is available to determine the price of each Fund Share as of the Strike Date and each Averaging Date.

2. **Consequences of a Potential Index Event**

Upon the occurrence of a Potential Index Event that occurs on or prior to the Scheduled Maturity Date, the Issuer in its discretion may take the action described in any of (i), (ii) and/or (iii) below (each a **"Permitted Action"**):

- (i) require the Calculation Agent to determine the appropriate adjustment(s), if any, to be made to any terms of the Conditions to account for the Potential Index Event and determine the effective date(s) of such adjustment(s);
- (ii) require the Calculation Agent to replace the Index with an alternative index selected by the Calculation Agent in its discretion (the **"Substitute Index"**), which may include the existing Index as amended by the Index Sponsor, and make such adjustment(s) to any terms of the

Conditions as the Calculation Agent deems necessary or desirable in relation to the substitution of the Index;

- (iii) determine that it will not take the Permitted Action described in either (i) or (ii) above in respect of such Potential Index Event and that, as a consequence, an "**Index Event**" has occurred, and require the Calculation Agent to determine the Mandatory Unwind Amount.

Following the occurrence of a Potential Index Event the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with General Condition 4 stating the occurrence of the Potential Index Event, giving details thereof and the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Potential Index Event.

Nothing herein shall create an obligation of the Calculation Agent or the Issuer to monitor whether a Potential Index Event has occurred or is continuing.

Notwithstanding that the Calculation Agent may have determined to take one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Potential Index Event or any different Potential Index Event from time to time.

Adjustments to the Conditions in respect of a Substitute Index, and the performance of any Substitute Index, may have an adverse affect on the performance of the Notes.

APPENDIX 3 TO THE PRODUCT CONDITIONS

PART A - FINAL TERMS

1. Issuer: Royal Bank of Scotland NV, acting through its London branch at 250 Bishopsgate, London EC2M 4AA
2. Type of Notes: Credit and Index Linked Notes
3. Series: Notes due 2015
4. Settlement Currency: Polish Zloty ("PLN")
5. Nominal Amount: PLN 1,000 per Note

The Notes are capital protected at their scheduled maturity, provided that if the Issuer fails or becomes insolvent or the Reference Obligation is restructured or defaults, or in the event of a Hedging Disruption Event or an early redemption of the Notes, the investor may lose some or all their invested amount.

6. Aggregate Nominal Amount: Up to PLN 200,000,000
7. Cash Amount: In respect of each Note an amount in the Settlement Currency determined by the Calculation Agent equal to:
 - (I) the Nominal Amount;
 - (II) plus the Option Payoff Amount.
8. Event Redemption Amount: In respect of each Note, an amount in the Settlement Currency determined by the Calculation Agent equal to:
 - (a) following satisfaction of Conditions to Settlement only:
 $(A \times B) - C + D$; or
 - (b) following the occurrence of an Index Event only:
 $A + E$;
 - (c) following both satisfaction of Conditions to Settlement and the occurrence of an Index Event:
 $(A \times B) - C + E$,provided in each case that the Event Redemption Amount shall not be less than zero.

Where:

"A" is the Nominal Amount;

"B" is the Final Price;

"C" is Unwind Costs;

"D" is the Option Payoff Amount; and

"E" is the Mandatory Unwind Amount.

9. Issue Price 100 per cent. of the Nominal Amount per Note
10. Issue Date 13 June 2011
11. Trade Date: 8 June 2011

A Holder is exposed to the risk of Credit Events from and including the Issue Date.

12. Maturity Date: The date falling 10 Business Days immediately following the last Averaging Date, expected to be 26 June 2015 (the "**Scheduled Maturity Date**"), subject to adjustment, if applicable, as provided in the Product Conditions.
13. Specified Business Centre(s): Dublin, London, Luxembourg and Warsaw

General Provisions

14. Form of Notes:
- (a) Form: Temporary Global Note exchangeable for a Permanent Global Note on the Exchange Date.
- (b) Exchange for Definitive Notes: Interests in a Permanent Global Note are exchangeable for Definitive Notes upon the occurrence of the limited circumstances described in Product Condition 2(a).

Distribution

15. (a) If syndicated, names and addresses of managers and underwriting commitments: Not Applicable
- (b) Stabilising Manager(s) (if any): Not Applicable

16. If non-syndicated, name and address of Distributor: Noble Securities S.A., ul. Lubicz 3/215, 31-034 Kraków, Poland.
Date of Distribution Agreement: As of 2 May 2011
17. Total commission and concession: 8.00% per cent. of the Aggregate Nominal Amount
18. U.S. Selling Restrictions: Reg. S Compliance Category: TEFRA D
19. Non exempt Offer: An offer of the Notes may be made by Noble Securities S.A. (the "**Distributor**", together with any other entity appointed for placement of the Notes during the Offer Period together the "**Distributors**") other than pursuant to Article 3(2) of the Prospectus Directive in Poland ("**Public Offer Jurisdictions**") during the period from 2 May 2011 until 31 May 2011 (the "**Offer Period**"), subject to early termination and extension within the discretion of the Issuer. See further Paragraph 6 of Part B below.

The Notes will be placed into Poland without any underwriting by the Distributor. No undertakings have been made by third parties to guarantee the subscription of the Notes.
20. Additional selling restrictions: Not Applicable
21. Early Redemption Amount in relation to a Merger Event
Redemption Date: Not Applicable
22. Calculation Agent City: London
23. **Index Provisions:** Applicable - *Refer to Appendix 2 to the Product Conditions*
24. Index: The RBS Volatility-Controlled Emerging Opportunities ER Strategy (as summarised in Part B to these Final Terms below, and as more fully described in the strategy description in respect of the Index, which is available to prospective investors upon request at (i) the office of any Distributor and (ii) the offices of the Index Sponsor at The Royal Bank of Scotland plc, 250 Bishopsgate, London EC2M 4AA, UK)
25. Information in relation to past and future performance and volatility of the Index: The Index Sponsor intends to publish calculated Index Levels on Bloomberg page RBSVEOS2 <Index>, Reuters Page .RBSVEOS2 and on its own website: www.rbs.com/indices (select "RBS

Volatility Controlled Emerging Opportunities Strategy 2", which appears as "RBS VC Emerging Opportunities II Index (USD) ER 10%" on the website) each day. Investors will be able to obtain information on past and further performance, and volatility, of the Index on these pages.

26. Fund Basket:

Fund	Currency	Fund Share Class	Weight	Bloomberg symbol
1 Aberdeen Global Emerging Markets Equity Fund -	USD	A-2	25%	ABEFROA LX <Equity>
2 Baring Emerging Markets Umbrella – Baring Global Emerging Markets Fund	USD	\$ INC	25%	BRGGEMI ID <Equity>
3 Pictet Global Emerging Debt Fund	USD	R USD	12.5%	PFIFGER LX <Equity>
4 MFS Meridian Funds – Emerging Markets Debt Fund	USD	A1-\$	12.5%	MFSEDA1 LX <Equity>
5. Market Access III – RICI Enhanced Commidty Index Fund	USD	\$	25%	M3EIC1U LX <Equity>

27. Averaging Dates:

13 June 2013

13 September 2013

13 December 2013
13 March 2014
13 June 2014
12 September 2014
12 December 2014
13 March 2015
12 June 2015

Credit Provisions

28. Reference Entity: Getin Noble Bank SA.
29. Reference Obligation(s):

The obligation identified as follows:

Obligor: Getin Noble Bank SA
Issue Date: 16 June 2011
Maturity: 16 June 2015
Coupon: Zero coupon
Identifier: GET16062015

For the avoidance of doubt, the Reference Obligation (including any Substitute Reference Obligation(s)) is/are the sole obligation(s) of the Reference Entity which may be used for the purposes of determining the occurrence of a Credit Event and of calculating the Final Price.

30. All Guarantees: Not Applicable
31. Credit Events: **Obligation Default**

Default Requirement: PLN 1.00

Where imposing the Default Requirement has the effect of requiring, in respect of the relevant default under the Reference Obligation, at least PLN 1.00 in aggregate amount of the Reference Obligation being capable of being declared due and payable before the Reference Obligation's scheduled maturity date in order for Obligation Default to apply.

Restructuring

32. Obligation(s):
- | | |
|---------------------------|----------------------------------|
| Obligation Category: | Reference Obligation only |
| Additional Obligation(s): | None |
33. Monoline Insurer Provisions: Not Applicable
34. Excluded Obligation(s): Not Applicable
35. Valuation Time: 10 am London time

Information on the Reference Entity and the Fund Shares

36. Page or other information source where information about the past and future performance of the Reference Entity and each Fund Share and their market volatility can be obtained:
- Information in respect of each of the Fund Shares may be found at the following Bloomberg Pages (which may be accessed via www.bloomberg.com or any successor webpage thereto):
- ABEFROA LX <Equity>
 - BRGGEMI ID <Equity>
 - PFIFGER LX <Equity>
 - MFSEDA1 LX <Equity>
 - M3EIC1U LX <Equity>
- Information in respect of the Reference Entity can be found via this internet link:
- http://inwestorzy.noblebank.pl/raporty_okresowe_kwartalne.html
- As the Reference Obligation will be issued simultaneously with the Notes, no information in relation to past performance and volatility currently exists. Information on the Reference Obligation following the Issue Date will be available on the Distributor's website at
- http://www.noblesecurities.pl/noble/index.jsp?place=Menu15&news_cat_id=390&layout=5.

PART B – OTHER INFORMATION

1. Listing and Admission to Trading: Application will be made by the Issuer (or on its behalf) for the Notes to be admitted to trading and listed on the regulated market of the Warsaw Stock Exchange with effect from 13 June 2011 or around that date.
2. Interests of natural and legal persons involved in the issue: So far as the Issuer is aware, other than (1) in respect of fees and commissions payable by the Issuer to the Distributor and (2) in respect of the Calculation Agent's obligations under the Conditions, no person involved in the issue of the Notes has an interest material to the offer (as specified in paragraph 17 of Part A of this Appendix 3).
3. Reasons for the Offer: The Issuer will use the proceeds of the issuance of the Notes for general corporate purposes and may (but is not required to) use the proceeds for hedging its obligations under the Notes.
4. Performance of Index, explanation of effect on value of investment and associated risks and other information concerning the Index:

The RBS Volatility-Controlled Emerging Opportunities ER Strategy (the "**Index**") is a proprietary trading tool that has been developed by RBS following considerable research. The Royal Bank of Scotland plc owns intellectual property rights in the Index. Any use of any such intellectual property rights must be with the consent of The Royal Bank of Scotland plc.

The below provides a description of the Index. The full technical rules relating to the Index (the "**Index Rules**") will be available for review from the beginning of the Offer Period to the Maturity Date upon request at (i) the office of any Distributor and (ii) the offices of the Index Sponsor at The Royal Bank of Scotland plc, 250 Bishopsgate, London EC2M 4AA, UK. Investors should note that this description of the Index Rules is subject to the detailed provisions of the Index Rules.

The objective of the Index is to track the performance of a basket of five funds (the "**Fund Basket**"), after application of a daily dynamic risk adjustment mechanism, which mechanism incorporates both volatility and market trend measurements. The purpose of the Index is to provide exposure to emerging market stock markets, emerging market debt markets, and commodities. The Fund Basket is composed of (a) the Aberdeen Global – Emerging Markets Equity Fund (25% target weight), (b) the Baring Emerging Markets Umbrella - Baring Global Emerging Markets Fund (25% target weight), (c) the Pictet Global Emerging Debt Fund (12.5% target weight), (d) the MFS Meridian Funds – Emerging Markets Debt Fund (12.5% target weight) and (e) the Market Access III- RICI Enhanced Commodity Index Fund (25% target weight), subject to certain minimum Assets Under Management criteria. The

Index will be rebalanced quarterly to restore these original target weights. The target weights are constant throughout the life of the Notes but, from one quarterly rebalancing date to the next, the actual weighting of each Fund may be affected by movements in the net asset value of one or more Funds. As at the Issue Date, the Fund Basket is comprised of Fund Shares with the above target weights. The purpose of the quarterly rebalancing is to bring the Fund Shares back in line with their target weighting. Investors should be aware that emerging market and commodity investments can be highly volatile and should be considered high risk. See the risk factor for Emerging Markets on pages 38 to 39.

The Index is designed to detect the market trend of the Fund Basket by observing recent performance features. The "**Realised Volatility**" is a measure of how much the daily returns of the Fund Basket have fluctuated around their average over a defined time period. The time period is taken to be twenty (20) days and the average is calculated as the arithmetic mean. If on any strategy calculation date (each an "**Observation Date**"), the Index's calculation agent determines that the day on day Realised Volatility has increased above 10% in conjunction with the market declining for a period of five (5) days, then the Index's exposure to the Fund Basket will be reduced to zero for a period. Subsequent movements in the Fund Basket against the trend detected may cause the Index perform less well than if no allocation adjustments had been implemented. For example, if a downward trend is identified and the Index switches into cash, then a market rise against that trend would result in the Index achieving no gains resulting from that market rise, whereas if the Index had not switched into cash then the strategy would have participated in the market rise. This is known as the "**Market Trend Mechanism**".

If, on any Observation Date, the Market Trend Mechanism has not resulted in the Index's exposure to the Fund Basket being reduced to zero, the "**Maximum Realised Volatility**" is calculated as the maximum Realised Volatility over five consecutive Observation Dates. Exposure to the Fund Basket is reduced if the Maximum Realised Volatility of the Fund Basket increases to certain levels. Conversely, exposure to the Fund Basket is increased if the Maximum Realised Volatility of the Fund Basket decreases to certain levels. The dynamic participation provides for the Index to have exposure to the Fund Basket within a range from a minimum of 0% to a maximum of 150%. Leverage has the ability to magnify both gains and losses. For example, if the Index's exposure to the Fund Basket is greater than 100% and the Fund Basket suffers negative performance then the performance of the Index will be lower than if the Index's exposure to the Fund Basket had been capped at 100%. Conversely, if the Index's exposure to the Fund Basket is less than 100% and the value of the Fund Basket rises then the performance of the Index will be lower than if the Index's exposure to the Fund Basket had been 100%.

The assignment of leverage to the Fund Basket is dependent on the Maximum Realised Volatility, in accordance with the below:

Maximum Realised Volatility -	Maximum Realised Volatility -	Exposure to Fund Basket
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Lower Boundary	Upper Boundary	
0.00%	2.00%	150.00%
2.00%	4.00%	150.00%
4.00%	6.00%	150.00%
6.00%	8.00%	125.00%
8.00%	10.00%	100.00%
10.00%	12.50%	80.00%
12.50%	15.63%	64.00%
15.63%	19.53%	51.20%
19.53%	24.41%	40.96%
24.41%	30.52%	32.77%
30.52%	38.15%	26.21%
38.15%	47.68%	20.97%
47.68%	59.60%	16.78%
59.60%	74.51%	13.42%
74.51%	N/A	0.00%

Where the exposure to the Fund Basket is above 100%, the Index will notionally borrow cash at the overnight USD Libor rate plus 50 basis points to fund such extra allocation. Where the exposure to the Fund Basket is below 100%, excess cash will be notionally deposited at the overnight USD Libor rate. Where the Index is notionally invested in cash for significant periods it will not participate in any market rises, in respect of the Fund Basket, during such periods, to extent of such notional cash investment.

The Index is reduced by a fixed 1.50% per annum applied to the Index Level representing the Issuer's costs to fund an investment in the Index. The Index is deemed an "excess return" investment because it represents the performance of the components of the Index over the cost of funding the investment.

The Index was first calculated in July 2010 and therefore lacks genuine historical performance. The Royal Bank of Scotland plc has retrospectively calculated the closing levels of the Index from 16 October 2001 based on the Index Rules and historical data from sources the Index's calculation agent deems reliable. Past performance should not be considered indicative of future performance.

Investors should note that the Index Rules are subject to change from time to time. In certain circumstances, The Royal Bank of Scotland plc can change the method of calculating the Index, or may discontinue or suspend calculation or dissemination of the Index, each of which could affect the return

on the Index and, as a consequence, on the Notes.

Past performance information on the Index (expressed by way of monthly returns) since the Index Inception Date is set out in the table below:

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
January		2.10%	1.26%	4.15%	-0.14%	6.65%	-2.62%	-2.82%	-1.75%	-3.64%	-0.90%
February		2.32%	2.17%	0.03%	9.30%	-0.40%	1.68%	2.94%	-1.96%	-0.20%	-1.03%
March		4.80%	-4.17%	1.47%	-5.05%	-2.11%	-0.02%	-1.78%	2.86%	3.80%	-1.36%
April		2.46%	6.87%	-1.97%	-1.40%	5.26%	1.94%	0.95%	3.76%	2.11%	
May		0.93%	2.23%	-0.04%	2.50%	-1.16%	2.59%	2.09%	5.26%	-0.10%	
June		-1.91%	1.38%	0.81%	4.18%	0.30%	0.36%	-1.74%	-0.04%	0.61%	
July		-2.59%	0.95%	0.79%	5.97%	2.02%	1.81%	0.07%	4.23%	4.19%	
August		0.74%	6.09%	3.08%	1.08%	1.81%	0.34%	0.05%	-0.83%	-1.79%	
September		-2.16%	2.14%	6.28%	4.25%	-2.40%	4.63%	0.10%	4.92%	4.32%	
October	-0.67%	3.88%	4.70%	2.65%	-1.96%	2.52%	2.16%	0.07%	-0.08%	3.90%	
November	5.08%	4.60%	0.41%	5.15%	1.86%	6.62%	-1.73%	-1.38%	0.31%	-0.08%	
December	2.50%	0.18%	7.49%	1.72%	5.57%	2.52%	0.59%	1.24%	1.83%	1.32%	

Annualised volatility of the Index, determined based on daily returns of the Index for each day during the relevant annual period (or part thereof, if applicable), for each year (or part year) since the Index Inception Date are set out in the table below:

2001	7.82%
2002	7.64%
2003	8.45%
2004	7.55%
2005	7.66%
2006	8.17%
2007	7.28%
2008	5.31%
2009	7.97%
2010	8.84%
2011	6.83%

The Index Sponsor intends to publish calculated Index Levels on Bloomberg page RBSVEOS2

<Index>, Reuters Page .RBSVEOS2 and on its own website: www.rbs.com/indices (select "RBS Volatility Controlled Emerging Opportunities Strategy 2", which appears as "RBS VC Emerging Opportunities II Index (USD) ER 10%" on the website) each day. Investors will be able to obtain information on past and further performance, and volatility, of the Index on these pages.

Index Sponsor: The Royal Bank of Scotland plc

Disclaimer:

Although the Index Sponsor will obtain information for inclusion in or for use in the calculation of the Index from sources which the Index Sponsor considers reliable, the Index Sponsor will not independently verify such information and does not guarantee the accuracy and/or the completeness of the Index or any data included therein. The Index Sponsor is under no obligation to advise any person of any error in the Index.

The Index Sponsor makes no express or implied representations or warranties concerning (i) whether or not the Index may achieve any particular level or meet or correlate with any particular objective or (ii) the fitness for any purpose of the Index.

The Index Sponsor accepts no legal liability to any person in connection with its publication and dissemination of the Index.

Nothing in this description will:

- (i) exclude or restrict any obligation the Index Sponsor may have to any recipient of this description, nor any liability the Index Sponsor may incur to any such recipient, under the Financial Services and Markets Act 2000, or the regulatory regime thereunder; or**
- (ii) exclude or restrict, to an extent prohibited by law, any duty or liability the Index Sponsor may have to any recipient of this description.**

The Issuer is not responsible for the level of performance of the Index. The Index represents a notional strategy investment and no actual investment in the Index components is made. There can be no assurance that the Index will appreciate in value.

The Issuer does not intend to provide post issuance information.

5. Operational Information

- (i) ISIN Code: XS0613892610
- (ii) Common Code: 061389261
- (iii) Delivery: Delivery against payment
- (iv) Principal Agent: Royal Bank of Scotland N.V., London Branch, 250 Bishopsgate, London EC2M 4AA

(v) Calculation Agent: Royal Bank of Scotland N.V., London Branch, 250 Bishopsgate, London EC2M 4AA

(vi) Clearing Agents: Euroclear Bank S.A./N.V.

Clearstream Banking, société anonyme

For the purpose of listing and admission to trading of the Notes on the Warsaw Stock Exchange, the Issuer is required to enter into a registration agreement with Krajowy Depozyt Papierów Wartościowych w Warszawie S.A. (the "**National Depository for Securities**").

The transactions in the Notes in Poland may be executed through the National Depository for Securities by virtue of a bridge arrangement with a Clearing Agent. Investors or their representatives must be a participant, or arrange to hold Notes through a participant, of the National Depository for Securities in order to participate in such settlement .

(vii) Offer Period: 2 May 2011 to 31 May 2011

6. Terms and Conditions of the Offer

(i) Offer Price: 100 per cent. of the Nominal Amount per Note

(ii) Conditions to which the offer is subject: Offers of the Notes are conditional on their issue. As between the Distributor and its customers, offers of the Notes are further subject to such conditions as may be agreed between them. For a further description of the offer of the Notes by the Distributor to its customers, see "Details of the minimum and/or maximum amount of application" below.

The Issuer reserves the right to withdraw the offer of the Notes at any time on or prior to the Issue Date. For the avoidance of doubt, if any application has been made by a potential investor and the Issuer exercises such right to withdraw the offer of the Notes, each such potential investor shall not be entitled to subscribe or otherwise acquire the Notes.

(iii) Description of the application Each prospective investor should contact the Distributor for details of the application process in order to purchase the

- process: Notes during the Offer Period. Each potential investor will subscribe for the Notes in accordance with the arrangements existing between the Distributor and its customers relating to the subscription of securities generally. Distribution will be subject to applicable laws and regulations.
- (iv) Details of the minimum and/or maximum amount of application: Minimum subscription amount per investor: PLN 1,000.
- (v) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: A prospective investor should contact the Distributor for details regarding the possibility to reduce their subscriptions during the Offer Period and the manner for refunding any excess amount paid.
- (vi) Details of the method and time limits for paying up and delivering the Notes: The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys. The Notes will be cleared through the clearing system and delivered through the Distributor on or about the Issue Date.
- (vii) Manner in and date on which results of the offer are to be made public: The total number of Notes to be issued will be determined based on the final level of subscription based on market demand for the Notes during the Offer Period and will be made available on the website of each of the Warsaw Stock Exchange (www.wse.com.pl) and the Distributor (www.noblesecurities.pl), and at the registered office of the Issuer on or prior to the Issue Date.
- (viii) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: A prospective investor should contact the Distributor for details of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised, if any.
- (ix) Categories of potential investors to which the Notes are offered: The Notes will be offered by the Distributor to natural persons acting in their capacity as retail investors in Poland and may also be offered to qualified investors.

Offers may only be made by the Distributor in Poland during the Offer Period as authorised to do so by the Issuer. If a prospective investor is offered the Notes by any other

party or in any other jurisdiction, the investor should be aware that the Issuer will not be responsible for the Prospectus for the purposes of the relevant securities laws in the context of the offer of the Notes to the public. If an investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents, it should seek legal advice.

Prospective investors should also take note of the selling restrictions set out in this Prospectus in the section entitled "*Selling Restrictions*".

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| (x) | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: | Each investor will be notified by the Distributor of its allocation of the Notes after the end of the Offer Period in accordance with the arrangements in place between the Distributor and its customers.

No dealings in the Notes may take place prior to the Issue Date. |
| (xi) | Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | A prospective investor should contact the Distributor for details of any expenses and taxes that would be specifically charged in relation to any subscription for the Notes, if applicable. |
| (xii) | Name and address of the Distributor: | Noble Securities S.A., ul. Lubicz 3/215, 31-034 Kraków, Poland. |
| (xiii) | The time period, including any possible amendments, during which the offer will be open and description of the applications process: | The Offer Period:

Investors will be notified by the financial intermediary of their allocations of Notes and the settlement arrangements in respect thereof as soon as practicable after the end of the Offer Period. |
| (xiv) | Scale-back and cancellation and manner for refunding excess amount paid by applicants: | Appeals, over-payments and under-payments will be checked and verified by the Distributor during the Offer Period before the final list of investors is provided to the Issuer. |

For the avoidance of doubt, this Prospectus may not be used in any country for the purposes of any public offer of the Notes other than as described above and, in such cases, only until the end of the Offer Period as described above, unless otherwise authorised by the Issuer.

ANNEX 1 TO THE PROSPECTUS

FUND SUMMARIES

The below summaries are for information purposes only and the Fund Prospectus in respect of each Fund is available free of charge from the office of Noble Securities SA in Kraków, being ul. Lubicz 3/215, 31-034 Kraków, Poland.

FUND 1: Aberdeen Global – Emerging Markets Equity Fund

Aberdeen Global - Emerging Markets Equity Fund is a SICAV incorporated in Luxembourg. The Funds objective is long term total return. The Fund invests at least two-thirds of its assets in equities and equity-related securities of companies with their registered office in an emerging market jurisdiction.

FUND 2: Baring Emerging Markets Umbrella - Baring Global Emerging Markets Fund

Baring Emerging Markets Umbrella - Baring Global Emerging Markets Fund is a UCITS certified open-end fund incorporated in the Republic of Ireland. The Fund's objective is to generate long-term capital growth. The Fund invests in a diversified portfolio of developing country equity securities.

FUND 3: Pictet Global Emerging Debt Fund

Pictet Global Emerging Debt Fund is a SICAV incorporated in Luxembourg. The Fund's objective is to seek revenue and capital growth. The Fund invests in bonds and money market instruments issued in emerging market jurisdictions. The Fund primarily invests in bonds and other debt instruments denominated in US Dollars and issued or guaranteed by national or local emerging market governments.

FUND 4: MFS Meridian Funds – Emerging Markets Debt Fund

MFS Meridian Funds - Emerging Markets Debt Fund is an open-end investment fund incorporated in Luxembourg. The Fund's objective is to provide total return. The Fund invests in fixed-income securities of government, government-related, supranational and corporate issuers located, or primarily conducting their business, in emerging market jurisdictions.

FUND 5: Market Access III - RICI Enhanced Commodity Index Fund

Market Access III - RICI Enhanced Commodity Index Fund is an open-end fund incorporated in Luxembourg. The Fund's objective is to replicate the performance of the RICI Enhanced Commodity Index. The Fund will use a method of synthetic replication of the Index by entering into one or more OTC derivatives in the form of swaps over the RICI Enhanced Commodity Index.