
25 February 2010

FIRST SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CREDIT LINKED NOTES



**THE ROYAL BANK OF SCOTLAND N.V.
(previously named ABN AMRO Bank N.V.)**

*(Registered at Amsterdam, The Netherlands)
(the Issuer)*

RBS LaunchPAD Programme

1. This Supplement dated 25 February 2010 (the **Supplement**) constitutes the first supplement to the base prospectus dated 26 November 2009 in relation to the Issuer's LaunchPAD Programme relating to Credit Linked Notes Notes (the **Base Prospectus**) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 26 November 2009.
2. The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
3. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer.
4. The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
5. On 8 February 2010, the Issuer together with ABN AMRO II N.V (now renamed ABN AMRO Bank N.V.) published a press release (the **Completion Press Release**) announcing that on 6 February 2010 it had completed the legal demerger of the Dutch State acquired businesses (the **Legal Demerger**) and associated legal renaming, pursuant to which the Issuer was renamed The Royal Bank of Scotland N.V. and ABN AMRO II N.V. was renamed ABN AMRO Bank N.V. This represents the successful execution of the first step in a two step process ABN AMRO Group chose to affect the legal separation of the assets and liabilities acquired by the Dutch State. The second step, "Legal Separation", will result in the transfer of the shares of the renamed ABN AMRO Bank N.V. from ABN AMRO Holding N.V. to a new holding company fully owned by the Dutch State and independent of ABN AMRO Holding N.V. (which will after separation be renamed RBS Holdings N.V.). The Completion Press Release is attached to this Supplement as Annex 2.

6. On 8 February 2010, the Issuer also published pro forma financial information as of 31 December 2008 and 30 September 2009 reflecting the impact of the legal transfers and demergers on the Issuer and pro forma financial information for the same dates on ABN AMRO II N.V (now renamed ABN AMRO Bank N.V.) (the **September 2009 Pro Forma Financial Information**). The September 2009 Pro Forma Financial Information is attached to this Supplement as Annex 3.
7. The following amendments are hereby made to the Base Prospectus as a result of the completion of the Legal Demerger:
- 7.1 All references to "ABN AMRO Bank N.V." as Issuer, Principal Agent and Calculation Agent and all references to "ABN AMRO Bank" in the Base Prospectus are hereby deleted and replaced with references to "The Royal Bank of Scotland N.V."
- 7.2 The Summary of the Base Prospectus is deleted in its entirety and replaced with the contents of Annex 1 hereto.
8. Following the Legal Demerger, Standard & Poor's (**S&P**), Fitch Ratings Ltd. (**Fitch**) and Moody's Investors Services (**Moody's**) have respectively assigned the following ratings to the Issuer:
- S&P: A+ (long term) / A-1 (short term) with a stable outlook;
- Fitch: AA- (long term) / F1+ (short term) with a stable outlook.
- Moody's: A2 (long term) / P-1 (short term).
- The long term rating assigned to the Issuer by Moody's represents a downgrade to A2 from Aa3. This rating action reflects Moody's view that the Issuer has undergone a major restructuring process over the past two years and expects this to continue for the next 1-2 years. They expect this will put pressure on profitability and capitalisation, especially during the transition from Basel I to Basel II. In their view this creates uncertainty around the strength of the underlying franchise of the Issuer.
- In all other cases, the ratings assigned to the Issuer remain unchanged from those assigned prior to the Legal Demerger.
9. Copies of the Base Prospectus and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, 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.
10. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

11. Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.
12. In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

The Royal Bank of Scotland N.V.
(previously named ABN AMRO Bank N.V.)

ANNEX 1

SUMMARY

This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Notes as described herein (the "Notes") should be based on a consideration of this Base 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 Base Prospectus. Where a claim relating to information contained in this Base 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 Base Prospectus before the legal proceedings are initiated.

Words and expressions defined elsewhere in this Base 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.**")

History and Development: The origin of RBS N.V. can be traced to the formation of "Nederlandsche Handel-Maatschappij, N.V." in 1825 pursuant to a Dutch Royal Decree of 1824. ABN AMRO Bank's Articles of Association were last amended by deed of 26 June 2009 executed before Mr. B.J. Koek, Notary Public in Amsterdam. RBS N.V. is registered in the Commercial 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 ABN AMRO Holding N.V. ("**ABN AMRO Holding**"), which is incorporated as a limited liability company under Dutch law by deed of 30 May 1990 as the holding company of the ABN AMRO Group. The Articles of Association of ABN AMRO Holding were last amended by deed of 24 November 2008 executed before Mr. R. J. C. van Helden, Notary Public in Amsterdam. The registered office of ABN AMRO Holding is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

ABN AMRO Holding is the parent company of the ABN AMRO consolidated group of companies (referred to as the "**Group**", "**ABN AMRO**" or "**ABN AMRO Group**"). ABN AMRO Holding owns 100 per cent. of RBS N.V.'s shares and is jointly and severally liable for all our liabilities in respect of the Structured Products pursuant to a declaration under Article 2:403 of the Dutch Civil Code.

Overview:

The ABN AMRO Group is an international banking group offering a wide range of banking products and financial services, including consumer, commercial and investment banking, on a global basis through a network of 1,020 offices and branches in 50 countries and territories, and as at 31 December 2008, had more than 59,000 full time staff. ABN AMRO reported total consolidated assets of €667 billion as at 31 December 2008 and €501 billion as at 30 September 2009, the last externally reported period.

On 17 October 2007 85.6% of ABN AMRO Holding N.V. was acquired through RFS Holdings B.V. ("**RFS Holdings**"), a company incorporated by a consortium consisting of the Royal Bank of Scotland Group plc ("**RBS**"), Fortis N.V., Fortis SA/NV ("**Fortis**") and Banco Santander S.A. ("**Santander**") each a "**Consortium Member**". ABN AMRO applied for de-listing of its ordinary shares from Euronext Amsterdam and the New York Stock Exchange. The de-listing of the ABN AMRO Holding N.V. ordinary shares and the (formerly convertible) preference shares with a nominal value of €2.24 each from Euronext Amsterdam and the de-listing of its American Depositary Shares ("**ADSs**") from the New York Stock Exchange was effected on 25 April 2008. Through subsequent purchases RFS Holdings has now become the sole shareholder of ABN AMRO Holding N.V.

RFS Holdings is controlled by RBS, which is incorporated in the UK and registered at 36 St. Andrew Square, Edinburgh, Scotland. RBS is the ultimate parent company of ABN AMRO Holding N.V. The consolidated financial statements of the Group are included in the consolidated financial statements of RBS.

On 3 October 2008, the State of the Netherlands ("**Dutch State**") acquired all Fortis' businesses in The Netherlands, including the Fortis share in RFS Holdings. On 24 December 2008, the Dutch State purchased from Fortis Bank Nederland (Holding) N.V. its investment in RFS Holdings, to become a direct shareholder in RFS Holdings.

ABN AMRO is separately governed by its managing board and supervisory board and regulated by the Dutch Central Bank.

Group Organisational Structure:

From 1 January 2009, ABN AMRO is comprised of three reportable segments, namely "RBS acquired", "Dutch State acquired" and "Central Items". The "RBS acquired" segment principally contains the international lending, international transaction services with operations in Europe, Asia and the Americas and the equities business of the RBS group. The "Dutch State acquired" segment serves Dutch commercial clients, Dutch consumer clients, and Dutch and international private clients, and includes the International Diamond and Jewelry business. The "Central Items" segment includes items that are not allocated to but economically shared by the Consortium Members as well as settlement amounts accruing to Santander.

The Group presented segmental disclosures to reflect the above changes in its interim results for the period ended 30 June 2009, which it published 30 September 2009 and which has been filed with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the AFM).

In 2008 the Group disclosed six reportable Business Units ("**BU**"s), namely Europe, Americas, Asia, the Netherlands, Private Clients and Central Items. The change from six reportable BUs to three reportable segments reflects the focus of the managing board on the creation and subsequent legal separation of the Dutch State acquired businesses from the residual RBS acquired businesses into two separate independent banks, and the consequential impact that this progression has had on the management of the Group.

Central Items as noted includes items that are not allocated to but

economically shared by the Consortium Members, as well as accumulated amounts accruing to Santander arising from the disposal of Banco Real and other sales and settlements. In addition prior to April 2008, the majority of the Group Asset and Liability Management portfolios were economically shared prior to allocation to the respective Consortium Members. Since the allocation was effected on the basis of prospective agreements between Consortium Members, Group Asset and Liability Management results prior to this date are reported in Central Items. Remaining unallocated Group Asset and Liability Management portfolios continue to be reported in Central Items.

Separation Activity:

Business description and separation activity in 2009

RBS and the Dutch State agreed that the Dutch State acquired businesses would be legally separated from the residual RBS acquired businesses into a new bank. A strategy was developed in relation to the RBS acquired businesses that will remain in ABN AMRO. These businesses are principally part of the Global Banking & Markets, Global Transaction Services, Retail and Commercial Banking divisions of RBS.

Issued debt instrument allocation

As part of the separation process the Consortium Members came to an agreement on the economic allocation of issued debt instruments within ABN AMRO to the individual Consortium Members' acquired businesses. All Santander allocated instruments were transferred as part of the business transfers carried out in 2008.

A list of the allocation of the remaining issued debt instruments to the RBS and the Dutch State acquired businesses can be found in the Registration Document on pages 10 to 13, as supplemented.

The LaunchPAD Programme has been economically allocated to the RBS acquired businesses of ABN AMRO.

Announcement of legal demerger process

On 30 September 2009 ABN AMRO Group announced that it had

chosen a two-step approach to effect the legal separation of the assets and liabilities acquired by the Dutch State:

Step 1 – "**Legal Demerger**": Transferring the majority of the Dutch State acquired businesses from ABN AMRO Bank N.V. (the "**Demerging Company**") to a new legal entity, ABN AMRO II N.V. (the "**Acquiring Company**"). Some subsidiaries and assets and liabilities were separately transferred to the Acquiring Company before the planned legal demerger date. Following the demergers and the transfer of the Dutch State acquired businesses into the new bank, the Demerging Company would be renamed The Royal Bank of Scotland N.V. The Acquiring Company comprising the Dutch State acquired businesses would then be renamed ABN AMRO Bank N.V.

Step 2 – "**Legal Separation**": Transferring the shares of the renamed ABN AMRO Bank N.V. from ABN AMRO Holding N.V. to a new holding company fully owned by the Dutch State and independent of ABN AMRO Holding N.V. (which will be renamed RBS Holdings N.V.)

Completion of legal demerger process and associated legal renaming

On 6th February 2010 the ABN AMRO Group successfully executed the deed of demerger issued by the Amsterdam Chamber of Commerce on 30th September 2009, thereby demerging the majority of the Dutch State acquired businesses.

Effective at the same date the existing legal entity, ABN AMRO Bank N.V., from which the Dutch State acquired businesses were demerged, was renamed The Royal Bank of Scotland N.V. The legal entity into which the Dutch State acquired businesses were demerged was also renamed, from ABN AMRO II N.V. to ABN AMRO Bank N.V. Both The Royal Bank of Scotland N.V. and ABN AMRO Bank N.V. will remain wholly owned by ABN AMRO Holding N.V. until the latter is legally transferred out of

the ABN AMRO Group.

This represents the successful execution of the first step in the two step process ABN AMRO Group chose to effect the legal separation of the assets and liabilities acquired by the Dutch State as described above. The second step, "legal separation", will result in the transfer of the shares of ABN AMRO Bank N.V. from ABN AMRO Holding to a new holding company fully owned by the Dutch State and independent of ABN AMRO Holding (which will after legal separation be renamed RBS Holdings N.V.).

Until legal separation, ABN AMRO Group will continue to be governed by the ABN AMRO Holding managing board and supervisory board and regulated on a consolidated basis with capital adequacy, liquidity measures and exposures being reported to and regulated by the Dutch Central Bank.

RBS N.V. will be an integral part of the RBS group and will principally contain international lending, international transaction services and equities businesses of the RBS group. These remaining activities will continue to be subject to Dutch Central Bank (*De Nederlandsche Bank*) supervision and on a consolidated basis as part of the RBS group subject to UK Financial Services Authority supervision. Due to the change in the operating model of RBS N.V. compared to pre-acquisition ABN AMRO Bank N.V. a licence renewal has been granted by the Dutch Central Bank on 3 February 2010.

Following the legal demerger and until legal separation the managing board and supervisory board of RBS N.V. and of ABN AMRO Bank N.V. will be the same as the managing board and supervisory board of ABN AMRO Holding N.V.

Guarantor:

ABN AMRO Holding N.V. pursuant to its declaration under Article 2:403 of the Netherlands Civil Code.

Risk Factors:

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes, including the fact that the Issuer's results can be adversely affected by (i) general economic

conditions and other business conditions; (ii) competition; (iii) regulatory change; and (iv) standard banking risks including changes in interest rates and foreign exchange rates and operational, credit, market, liquidity and legal risks, see "Risk Factors" in the Registration Document. 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 specified Reference Entity, Reference Entities 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 any 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 a Credit Event occurs in respect of one or more Reference Entities; (e) the Final Price of a Reference Entity in respect of which a Credit Event has occurred may be determined by way of an auction procedure and such procedure may be influenced by the Issuer or the Calculation Agent (or one of their respective Affiliates) and it may cause the Maturity Date of the Notes to be postponed; and (f) the Notes may be leveraged. Further, there may be certain conflicts of interest resulting from the Issuer's activities. See "Risk Factors" in this Base Prospectus.

Principal Agent and Calculation Agent: As specified in the applicable Final Terms.

Listing and Admission to Trading: Application has been made to Euronext Amsterdam for Notes to be admitted to trading and listed on Euronext Amsterdam by NYSE Euronext up to the expiry of 12 months from the date of this Base Prospectus. In addition, Notes may be listed or admitted to trading, as the case may be, on any other stock exchange or market specified in the applicable Final Terms. The Issuer may also issue unlisted Notes.

Description of the Notes: Credit Linked Notes, Basket Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranching Basket Credit Linked Notes, Leveraged

Tranched Basket Credit Linked Notes, Zero Coupon Equity Tranche Credit Linked Notes, Range Accrual Credit Linked Notes, Reverse Exposure Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes may be issued under this Base Prospectus in each case as specified in the applicable Final Terms and as set out further in (A) – (K) below. In addition, investors in Range Accrual Credit Linked Notes are directed to the section entitled "*Information regarding Range Accrual Credit Linked Notes*", below, for a description of certain provisions of these Notes. The Conditions applicable to such Notes are contained in the General Conditions (contained in this Base Prospectus) which are applicable to all Notes, the Product Conditions applicable to the particular type of Note being issued and the Final Terms applicable to the particular Series being issued (the "**Conditions**").

The Notes that may be issued under this Base Prospectus are investment instruments which are linked to the credit risk of one or more specified companies or other entities.

(A) Credit Linked Notes:

In the case of Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to the specified Reference Entity, any interest on the Credit Linked Notes will cease to accrue at or (if so designated in the applicable Final Terms) prior to such time and each Credit Linked Note will be redeemed at the Credit Event Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of the specified Reference Entity, which, if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of a Credit Linked Note or may be zero. Notwithstanding the below formula, if Principal Protection is specified as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount.

The Credit Linked Notes may also be redeemed early in certain

other circumstances unrelated to the existence of a credit event.

Credit Event Redemption Amount:

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an per Note amount calculated by the Calculation Agent in accordance with the following formula:

$$(A \times B) - C$$

where:

"A" is the Nominal Amount specified in the applicable Final Terms;

"B" is the Final Price or the Auction Final Price, as applicable;
and

"C" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

(B) Basket Credit Linked Notes:

In the case of Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to one or more of the specified Reference Entities (provided that a Credit Event has not, as a result, occurred in relation to all of the specified Reference Entities): (i) any interest accruing on the Basket Credit Linked Notes will be reduced proportionately from such time; (ii) in the case only of Basket Credit Linked Notes to which Credit Payment on Maturity does not apply, the Credit Event Amount will become due following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity; and (iii) on redemption of the Basket Credit Linked Notes the investor will receive the Credit Event Redemption Amount, which may be significantly less than the nominal amount of the Basket Credit Linked Notes or may be zero. In the case of Basket Credit Linked Notes to which Credit Payment on Maturity applies and in respect of which Principal Protection is specified as "Applicable" in the applicable Final Terms, the Credit Event Redemption Amount

will be an amount per Note equal to the Nominal Amount.

The Basket Credit Linked Notes may also be redeemed early in certain circumstances unrelated to the existence of one or more Credit Events.

Where the Conditions to Settlement have been satisfied in respect of each specified Reference Entity, each Note equal to the Nominal Amount shall be redeemed at (i) the Credit Event Amount due on the final Credit Event Payment Date (in the case of Basket Credit Linked Notes to which Credit Payment on Maturity does not apply) or (ii) the Credit Event Redemption Amount on the Credit Event Redemption Date (in the case of Basket Credit Linked Notes to which Credit Payment on Maturity does apply).

Credit Event Amount (only for Basket Credit Linked Notes to which Credit Payment on Maturity is not applicable): The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

(a) $A \times B \times C$; minus

(b) D

where:

"A" is the Nominal Amount specified in the applicable Final Terms;

"B" is the Final Price or the Auction Final Price, as applicable, in respect of the specified Reference Entity;

"C" is the relevant Weighting specified in the applicable Final Terms; and

"D" is Unwind Costs,

provided that in no event shall the Credit Event Amount be less than zero.

Credit Event Redemption Amount (in the case of Basket Credit Linked Notes to which Credit Payment on Maturity is not applicable): The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

applies):

accordance with the following formula:

- (1) $A - B$; plus
- (2) C ; plus
- (3) D ; minus
- (4) E

where:

"A" is the Nominal Amount;

"B" is the aggregate of the amounts calculated in respect of each Affected Reference Entity for which Conditions to Settlement have been satisfied on or prior to the earlier of the Maturity Date and the Credit Event Redemption Date equal to:

$A \times F$;

"C" is the aggregate of the amounts calculated in respect of each Affected Reference Entity for which Conditions to Settlement have been satisfied on or prior to the earlier of the Maturity Date and the Credit Event Redemption Date equal to:

$A \times F \times G$;

"D" is the aggregate of the Recovery Interest Amounts in respect of each Affected Reference Entity for which Conditions to Settlement have been satisfied and a Final Price or an Auction Final Price, as applicable, has been determined on or prior to the earlier of the Maturity Date and the Credit Event Redemption Date in each case determined as of such date;

"E" is Unwind Costs;

"F" is the relevant Weighting; and

"G" is the relevant Final Price or an Auction Final Price, as applicable, determined in accordance with the Conditions,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

Credit Event Redemption Amount (in the case of Basket Credit Linked Notes to which Credit Payment on Maturity does not apply):

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

(A) $A - B$; minus

(B) D ,

where:

"A" is the Nominal Amount;

"B" is the aggregate of the amounts calculated in respect of each Affected Reference Entity for which Conditions to Settlement have been satisfied on or prior to the earlier of the Maturity Date and the Credit Event Redemption Date equal to:

$A \times C$;

"C" is the relevant Weighting; and

"D" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

(C) First to Default Basket Credit Linked Notes:

In the case of First to Default Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to one or more of the specified Reference Entities, any interest on the First to Default Basket Credit Linked Notes will cease to accrue at or (if so designated in the Final Terms) prior to such time and each First to Default Basket Credit Linked Note will be redeemed at the Credit Event Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity, which, if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of a First to Default Credit Linked Note

or may be zero. Notwithstanding the below formula, if Principal Protection is specified as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount.

The First to Default Basket Credit Linked Notes may also be redeemed early in certain other circumstances unrelated to the existence of one or more Credit Events.

Credit Event Redemption Amount:

The amount per Note specified as such in the Final Terms or, if no such amount is specified in the Final Terms, an amount per Note calculated by the Calculation Agent in Accordance with the following formula:

- (A) the Nominal Amount; minus
 - (B) the Loss Amount multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date; minus
 - (C) Unwind Costs,
- provided that in no event shall the Credit Event Redemption Amount be less than zero.

(D) Nth to Default Basket Credit Linked Notes:

In the case of Nth to Default Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to one or more of the specified Reference Entities, no adjustments or payments shall be made in respect of the Notes unless and until the nth occurrence of the satisfaction of the Conditions to Settlement in respect of a specified Reference Entity (nth referring to a numerical value (e.g. 2nd, 3rd...) specified as such in the applicable Final Terms). On the nth occurrence of the satisfaction of the Conditions to Settlement, any interest on the Nth to Default Basket Credit Linked Notes will cease to accrue at or (if so designated in the Final Terms) prior to such time and each Nth to Default Basket Credit Linked Note shall be redeemed at the Credit Event Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of an

Auction Final Price, as applicable, in respect of such specified Reference Entity, which if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of an Nth to Default Basket Credit Linked Notes or may be zero.

Notwithstanding the below formula, if Principal Protection is specified as "Applicable" in the applicable Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount.

The Nth to Default Basket Credit Linked Notes may also be redeemed early in certain circumstances unrelated to the existence of one or more Credit Events.

Credit Event Redemption Amount:

The amount per Note specified as such in the Final Terms or, if no such amount is specified in the Final Terms, an amount per Note calculated by the Calculation Agent in Accordance with the following formula:

(A) the Nominal Amount; minus

(B) the Loss Amount which, in the case of Nth to Default Basket Credit Linked Notes, shall be determined in respect of the Reference Entity in respect of which the nth satisfaction of the Conditions to Settlement has occurred, multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date; minus

(C) Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

(E) Leveraged Credit Linked Notes and Leveraged Basket Credit Linked Notes:

In the case of Leveraged Credit Linked Notes or Leveraged Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to (i) the specified Reference Entity in the case of Leveraged Credit Linked Notes or (ii) one or more of the specified Reference Entities in the case of Leveraged Basket Credit Linked Notes, any interest on the Notes will cease to

accrue at or (if so designated in the applicable Final Terms) prior to such time and each Note will be redeemed at the Credit Event Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity, which, if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of the Note or may be zero.

In addition, following the occurrence of a Trigger Event the Issuer shall have the right but not the obligation to redeem each Leveraged Credit Linked Note or Leveraged Basket Credit Linked Note (as applicable) at an amount equal to its Note Market Value determined on the Trigger Event Early Redemption Date, together with accrued interest calculated up to but excluding the Trigger Event Early Redemption Date. Notwithstanding the below formula, if Principal Protection is specified as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount

The Leveraged Credit Linked Notes and the Leveraged Basket Credit Linked Notes may also be redeemed early in certain other circumstances unrelated to the existence of a Credit Event or one or more Credit Events, as applicable.

Credit Event Redemption Amount:

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an per Note amount calculated by the Calculation Agent in accordance with the following formula:

- (A) the Note Market Value calculated on the day of determination of the Final Price for the specified Reference Entity (in respect of Leveraged Credit Linked Notes) or the Reference Entity (in respect of Leveraged Basket Credit Linked Notes) the Credit Event and satisfaction of the Conditions to Settlement in respect of which has resulted in the redemption of Notes; minus

(B) the Loss Amount multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date,

provided that in no event shall the Credit Event Redemption Amount be less than zero,

where the Note Market Value is the aggregate of the market value, at the time of redemption, of each of the components of the Note and the Loss Amount is the aggregate of the loss amounts (calculated in accordance with the Product Conditions) relating to each applicable reference entity and resulting from the Credit Event subject to application of the leverage factor, if any.

(F) Tranching Basket Credit Linked Notes:

In the case of Tranching Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to a specified Reference Entity and provided that the Credit Event Amount is greater than zero: (i) any interest accruing on the Tranching Basket Credit Linked Notes will be reduced proportionately from such time in relation to the weighting of each such Reference Entity; (ii) an amount will become due equal to the Credit Event Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity; and (iii) on redemption of the Tranching Basket Credit Linked Notes the investor will receive the Credit Event Redemption Amount, which, if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of the Tranching Basket Credit Linked Notes or may be zero.

The Tranching Basket Credit Linked Notes may also be redeemed early in certain circumstances unrelated to the existence of one or more Credit Events.

Upon the occurrence of a credit event and the satisfaction of the conditions to settlement in respect of a reference entity, where the related loss amounts (calculated in accordance with the Product

Conditions) cause the Aggregate Loss Amount to be greater than the Maximum Loss Amount, each Note equal to the Nominal Amount shall be redeemed at the Credit Event Amount due on the final Credit Event Payment Date, unless Principal Protection is specified as "Applicable" in the Final Terms.

Notwithstanding the formula specified in *Credit Event Redemption Amount* below, if Principal Protection is specified as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount minus the sum of all Credit Event Loss Amounts paid during the life of the Note.

Credit Event Amount:

The amount per Note specified in the Final Terms, or if no such amount is specified in the Final Terms:

(a) if the relevant Aggregate Recovery Amount is greater than the Detachment Amount, an amount per Note calculated by the Calculation Agent which is equal to:

(i) the lesser of:

(A) the Recovery Amount in respect of such Affected Reference Entity;

(B) the Aggregate Recovery Amount (calculated taking into account the Recovery Amount for such Affected Reference Entity) minus the Detachment Amount (subject to a minimum of zero); and

(C) the Tranche Size (prior to any reduction thereto in respect of such Affected Reference Entity);

multiplied by:

(ii) a fraction the numerator of which is equal to the Nominal Amount and the denominator of which

is equal to the Aggregate Nominal Amount at the relevant Credit Event Payment Date;

minus

(iii) the Unwind Costs; or

(b) otherwise zero.

Credit Event Redemption Amount:

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

(1) $A - B$; minus

(2) C ,

where

"A" is the Nominal Amount;

"B" is the sum of the Tranche Reduction Amounts multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the date of redemption of the Notes; and

"C" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

(G) Leveraged Trunched Basket Credit Linked Notes:

In the case of Leveraged Trunched Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to one of the specified Reference Entities and the aggregate loss amounts (calculated in accordance with the Product Conditions) calculated in respect of all specified Reference Entities exceeds the threshold specified in the applicable Final Terms, (i) any interest on the Leveraged Trunched Basket Credit Linked Notes will cease to accrue at or (if so designated in applicable Final Terms) prior to such time and each Leveraged Trunched Basket Credit Linked Note will be redeemed at the Credit Event

Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity, which, if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of the Leveraged Tranching Basket Credit Linked Notes or may be zero.

The Leveraged Tranching Basket Credit Linked Notes may also be redeemed early in certain circumstances unrelated to the existence of one or more Credit Events.

Notwithstanding the formula specified in *Credit Event Redemption Amount* below, if Principal Protection is specified as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount.

Credit Event Redemption Amount:

The amount specified as such in the Final Terms or, if no such amount is specified in the Final Terms, an amount calculated by the Calculation Agent in accordance with the following formula:

- (1) the Note Market Value calculated on the day of determination of the Final Price or the Auction Final Price, as applicable, for the specified Reference Entity the Credit Event and satisfaction of the Conditions to Settlement in respect of which has resulted in the redemption of Notes; minus
- (2) the product of:
 - (I) the Tranche Reduction Amount multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date; and
 - (II) the Leverage Factor,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

(H) Zero Coupon Equity Tranche In the case of Zero Coupon Equity Tranche Credit Linked Notes,

Credit Linked Notes:

if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to one or more of the specified Reference Entities, on redemption of the Zero Coupon Equity Tranche Credit Linked Notes the investor will receive the Credit Event Redemption Amount, which, if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of the Zero Coupon Equity Tranche Credit Linked Notes or may be zero.

The Zero Coupon Equity Tranche Credit Linked Notes may also be redeemed early in certain circumstances unrelated to the existence of one or more Credit Events.

Notwithstanding the formula specified in *Credit Event Redemption Amount* below, if Principal Protection is specified as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note at least equal to the Nominal Amount.

Credit Event Redemption Amount:

The amount per Note specified as such in the Final Terms or, if no such amount is specified in the Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

(1) $B \times (A - C)$; minus

(2) D

where:

"A" is the Nominal Amount;

"B" is the Scheduled Repayment Percentage;

"C" is the sum of the aggregate of all Tranche Reduction Amounts determined on or prior to the Scheduled Maturity Date multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Maturity Date; and

"D" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

Scheduled Repayment Percentage:

The amount specified as such in the Final Terms and used to calculate the Credit Event Redemption Amount payable to Holders of Zero Coupon Equity Tranche Credit Linked Notes.

(I) Range Accrual Credit Linked Notes:

In the case of Range Accrual Credit Linked Notes, no interest shall accrue on the Range Accrual Credit Linked Notes on days on which the level of the specified Index or the fixed rate applicable to the single specified Reference Entity, as applicable, falls at or outside certain specified limits.

In the case of Range Accrual Credit Linked Notes which reference an Index, if a Credit Event occurs and the Conditions to Settlement are satisfied in respect of a Reference Entity included in the then-current series of the specified Index, the calculation of interest will be postponed until the Final Price or the Auction Final Price, as applicable, for such Reference Entity is determined. Upon such determination, the Calculation Agent will calculate interest for the period of such postponement based on whether the level of such Index would have been outside the specified range if the Final Price or the Auction Final Price, as applicable, had been known when the Conditions to Settlement were satisfied.

In the case of Range Accrual Credit Linked Notes which reference a single Reference Entity, if a Credit Event occurs and the Conditions to Settlement are satisfied in respect of such Reference Entity, interest will cease to accrue on the Notes from the date on which the Conditions to Settlement are satisfied and the Notes will be redeemed on their scheduled maturity date at the Cash Amount.

Each Range Accrual Credit Linked Note will be redeemed at 100 per cent. of its Nominal Amount on its scheduled maturity date. The Range Accrual Credit Linked Notes may be redeemed early in certain circumstances unrelated to the existence of a Credit Event.

Please see section entitled "*Information regarding Range Accrual Credit Linked Notes*" for further details of Range Accrual Credit

Linked Notes.

**(J) Reverse Exposure Credit
Linked Notes:**

In the case of Reverse Exposure Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to the specified Reference Entity, each Reverse Exposure Credit Linked Note will be redeemed at a date determined pursuant to the applicable Final Terms at the Credit Event Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity. If no Credit Event occurs during the Notice Delivery Period or if, following the occurrence of a Credit Event, the Conditions to Settlement are not satisfied then each Reverse Exposure Credit Linked Note will be redeemed at the Cash Amount on the Maturity Date. Such amount may be significantly less than the amount which an investor might have received if it had invested the same amount in an interest-bearing debt security. Reverse Exposure Credit Linked Notes may also be redeemed early in certain other circumstances unrelated to the existence of a Credit Event.

No interest is payable in respect of Reverse Exposure Credit Linked Notes.

Credit Event Redemption Amount:

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

- (1) $A + B$; plus
- (2) the greater of
 - (a) zero; and
 - (b) $C \times D \times (100\% - E)$; minus
- (3) F

where:

"A" is the Zero Coupon Bond Amount (representing the value of a notional zero coupon bond) as of the second Business Day

preceding the Credit Event Redemption Date;

"B" is the Investment Value (representing the present value of certain notional cash flows) as of the relevant Credit Event Determination Date;

"C" is the Nominal Amount specified in the applicable Final Terms;

"D" is the Leverage Factor specified in the applicable Final Terms;

"E" is the Final Price or the Auction Final Price, as applicable; and

"F" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

(K) Basket Reverse Exposure Credit Linked Notes:

In the case of Basket Reverse Exposure Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to one or more of the specified Reference Entities, the Credit Event Amount will be payable following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of each such Reference Entity. Each Basket Reverse Exposure Credit Linked Note will be redeemed at the Cash Amount on the Maturity Date, subject as set out below. If no Credit Event occurs during the Notice Delivery Period or if, following the occurrence of a Credit Event, the Conditions to Settlement are not satisfied in relation to at least one of the specified Reference Entities then the Cash Amount payable at maturity is likely to be the only benefit received by investors. Such amount may be significantly less than the amount which an investor might have received if it had invested the same amount in an interest-bearing debt security.

Where the Conditions to Settlement have been satisfied in respect of each specified Reference Entity, each Note equal to the Nominal Amount shall be redeemed at an amount equal to the value, as of the redemption of the Notes, of a notional zero

coupon bond corresponding to the maturity and Nominal Amount of the Notes.

The Basket Reverse Exposure Credit Linked Notes may also be redeemed early in certain other circumstances unrelated to the existence of one or more Credit Events.

In any event no interest is payable in respect of the Basket Reverse Exposure Credit Linked Notes.

Credit Event Amount:

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

- (1) $A \times B \times (100\% - C) \times D$; plus
- (2) E; minus
- (3) F

where:

"A" is the Nominal Amount as specified in the applicable Final Terms;

"B" is the Leverage Factor as specified in the applicable Final Terms;

"C" is the Final Price or the Auction Final Price, as applicable, in respect of the specified Reference Entity;

"D" is the relevant Weighting as specified in the applicable Final Terms;

"E" is a proportion of the Investment Value (representing the present value of certain notional cash flows) attributable to the specified Reference Entity as of the relevant Credit Event Determination Date; and

"F" is Unwind Costs,

provided that in no event shall a Credit Event Amount be less than zero.

(L) Index Provisions:

Each type of Notes may reference an Index, if Index provisions are specified in the applicable Final Terms, other than the

following: Credit Linked Notes, Reverse Exposure Credit Linked Notes, Basket Reverse Exposure Credit Linked Notes and Leveraged Credit Linked Notes.

Investors should review carefully the provisions of this Summary, the Risk Factors (pages 34 to 46), the Questions and Answers (pages 47 to 69) and, in respect of Range Accrual Credit Linked Notes, the section entitled "*Information regarding Range Accrual Credit Linked Notes*" (pages 70 to 73), as well as the applicable Final Terms and other parts of this Base Prospectus.

(M) General Provisions:

Cash Amount:

Provided that no Credit Event occurs (other than in the case of Basket Reverse Exposure Credit Linked Notes and Range Accrual Credit Linked Notes) and the Notes do not become redeemable prior to their scheduled maturity for any other reason under the Conditions, each Note will be redeemed at the Cash Amount specified in the applicable Final Terms on the relevant Maturity Date.

Maturity Date:

The Scheduled Maturity Date specified in the applicable Final Terms, subject to adjustment as set out in Product Condition 8.

Credit Events:

One or more of the following events, each as set out in the Product Conditions, in relation to a Reference Entity or its obligations:

- (i) Bankruptcy;
- (ii) Failure to Pay;
- (iii) Obligation Acceleration;
- (iv) Obligation Default;
- (v) Repudiation/Moratorium; or
- (vi) Restructuring,

or as otherwise specified in the applicable Final Terms.

Conditions to Settlement:

Following a Credit Event, the delivery by the Calculation Agent to the Issuer during the specified Notice Delivery Period of a Credit Event Notice and a Notice of Publicly Available Information of such Credit Event.

Final Price:

Where "Cash Settlement" is specified as the Settlement Method in the applicable Final Terms, the price of an obligation (or, in the case of a Reference Entity included in an Index referenced by a Range Accrual Credit Linked Note, the average of the prices of various obligations of such Reference Entity, or such other calculation as is applicable to such Index) of a Reference Entity in respect of which a Credit Event has occurred and the Conditions to Settlement have been satisfied, expressed as a percentage, determined in accordance with the relevant valuation method.

The relevant obligation to be valued is referred to as either a Reference Obligation or a Valuation Obligation and is either specified in the applicable Final Terms, subject to adjustment (in the case of a Reference Obligation), or determined by the Calculation Agent following a Credit Event by reference to certain characteristics and criteria (in the case of a Reference Obligation or a Valuation Obligation).

The valuation method for the relevant obligation will be as specified in the applicable Final Terms and will involve the Calculation Agent obtaining or attempting to obtain quotations from market dealers for the relevant obligation on one or more valuation dates. The relevant dealers, types of quotation to be obtained and procedures where quotations are not available are set out in the applicable Final Terms and Product Conditions and may have a significant effect on the Final Price.

Auction Settlement:

Where "Auction Settlement" is specified as the applicable Settlement Method in the applicable Final Terms and an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the applicable rules published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time. Such Auction Final Price shall be applied to the calculation of the Credit Event Amount and/or the Credit Event Redemption Amount in respect of each type of Note, as applicable, in

accordance with the Product Conditions and as set out in paragraphs (A) - (K) above.

Prospective investors should review the Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

Unwind Costs:

In respect of each Note (other than First to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes and Range Accrual Credit Linked Notes) 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 more fully described in the Product Conditions or as otherwise set out in the applicable Final Terms, provided that, in the case of Principal Protected Notes the Unwind Costs shall only reduce the Credit Event Redemption Amount to the extent that such reduction does not cause the Credit Event Redemption Amount to be less than the Nominal Amount.

Credit Event Redemption Date:

(A) The day falling the number of Business Days specified in the Final Terms following the calculation of the Final Price or the Auction Final Price, as applicable, in respect of the relevant specified Reference Entity, or (B) where Principal Protection is specified as "Applicable" in the applicable Final Terms in relation to Credit Linked Notes, Basket Credit Linked Notes to which Credit Payment on Maturity does not apply, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranching Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes and Zero Coupon Equity Tranche Credit Linked Notes, if Final Credit Event Redemption Date is specified in the Final Terms, the latest of (a) the Scheduled Maturity Date and (b) the first to occur of (i) the Postponed Maturity Date (if any), (ii) the due date for redemption

pursuant to Product Condition 6(a)(1) or 7(a)(1), if applicable, and (iii) the day falling the number of Business Days specified in the Final Terms following the calculation of the Final Price or the Auction Final Price, as applicable, in respect of the relevant specified Reference Entity (the day determined with reference to (a) or (b), the "**Final Credit Event Redemption Date**"), subject in each case as provided in the Product Conditions.

Credit Event Payment Date:

In relation to Basket Credit Linked Notes to which Credit Payment on Maturity does not apply, Nth to Default Basket Credit Linked Notes, Tranching Basket Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes, the day falling the number of Business Days specified in the Final Terms following the calculation of the Final Price, subject as provided in the Product Conditions.

Credit Risk:

The Notes are linked to the credit risk of one or more specified companies or other entities referred to as "Reference Entities". The Reference Entities are specified in the applicable Final Terms, subject to adjustment where there is a successor to any Reference Entity. In the case of certain notes, such Reference Entities comprise an Index.

**"First to Default" and "Nth to Default"
Notes:**

If more than one Reference Entity is specified in the applicable Final Terms in relation to First to Default Basket Credit Linked Notes or Leveraged Basket Credit Linked Notes, a Credit Event may occur in relation to any one of such Reference Entities and, following the first such Credit Event to occur (or, if Credit Events occur on the same day in relation to more than one specified Reference Entity, the Credit Event which the calculation agent selects as being first (acting in good faith and in a commercially reasonable manner)), payments under the First to Default Basket Credit Linked Notes or Leveraged Basket Credit Linked Notes will then be determined by reference to such Credit Event. These types of instruments are often referred to as "first to default" credit linked notes and involve credit risk in relation to each

Reference Entity specified.

If more than one Reference Entity is specified in the applicable Final Terms in relation to Nth to Default Basket Credit Linked Notes, a Credit Event may occur in relation to any one of the specified Reference Entities and no adjustments or payments shall be made in respect of the Notes unless and until the nth occurrence of the satisfaction of the Conditions to Settlement in respect of a specified Reference Entity (nth referring to a numerical value (e.g. 2nd, 3rd...) specified as such in the applicable Final Terms). On the nth occurrence of a Credit Event in relation to a specified Reference Entity (or, if Credit Events occur on the same day in relation to more than one specified Reference Entity, the Credit Event which the calculation agent selects as being the nth to occur (acting in good faith and in a commercially reasonable manner)), payments under the Nth to Default Basket Credit Linked Notes will then be determined by reference to such Credit Event. These types of instruments are often referred to as "nth to default" credit linked notes and involve credit risk in relation to each Reference Entity specified.

In the case of Leveraged Trunched Basket Credit Linked Notes, a Credit Event may occur in relation to a specified Reference Entity and, provided that such Credit Event results in the aggregate loss amounts (calculated in accordance with the Product Conditions) calculated in respect of all specified Reference Entities exceeding the threshold specified in the applicable Final Terms, following such Credit Event and satisfaction of the Conditions to Settlement the Leveraged Trunched Basket Credit Linked Notes will be redeemed and the redemption amount will be determined by reference to such Credit Event. These types of instruments are similar to "first to default" notes and involve credit risk in relation to each Reference Entity specified.

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 Entities.

Indicative Issue Price:

The Notes will be issued at their Nominal Amount or a percentage thereof as specified in the applicable Final Terms.

Maturity:

The Notes have a Scheduled Maturity Date, as specified in the applicable Final Terms, which is subject to adjustment where the specified Notice Delivery Period referred to above is extended. The Notice Delivery Period shall not be extended for Range Accrual Credit Linked Notes.

Following the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of any specified Reference Entity, Credit Linked Notes, Leveraged Credit Linked Notes, First to Default Basket Credit Linked Notes, Leveraged Basket Credit Linked Notes and Reverse Exposure Credit Linked Notes will be redeemed at a date determined pursuant to the applicable Final Terms in accordance with the Product Conditions. Basket Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes will be redeemed prior to their Scheduled Maturity Date only if a Credit Event has occurred and the Conditions to Settlement have been satisfied in relation to all the specified Reference Entities.

Nth to Default Basket Credit Linked Notes may be redeemed prior to their Scheduled Maturity Date as a result of the nth occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of a specified Reference Entity (nth referring to numerical value (e.g. 2nd, 3rd.....) specified as such in the applicable Final Terms).

Leveraged Tranchet Basket Credit Linked Notes will be redeemed prior to their Scheduled Maturity Date only as result of a Credit Event and satisfaction of the Conditions to Settlement in respect of a specified Reference Entity if such Credit Event results in the aggregate loss amounts (calculated in accordance with the Product Conditions) calculated in respect of all specified Reference Entities exceeding the lower

threshold specified in the applicable Final Terms.

Tranched Basket Credit Linked Notes and Zero Coupon Equity Tranche Credit Linked Notes will be redeemed prior to their Scheduled Maturity Date only as result of a Credit Event and satisfaction of the Conditions to Settlement in respect of a specified Reference Entity if such Credit Event results in the aggregate loss amounts (calculated in accordance with the Product Conditions) calculated in respect of all specified Reference Entities exceeding the maximum loss amount specified in the applicable Final Terms. See also "General Conditions: Early Redemption" below.

Range Accrual Credit Linked Notes will not be redeemed early as a result of a Credit Event and satisfaction of the Conditions to Settlement in respect of a specified Reference Entity or Reference Entities. Please see section entitled "*Information regarding Range Accrual Credit Linked Notes*".

Interest:

Credit Linked Notes, Basket Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranched Basket Credit Linked Notes and Leveraged Tranched Basket Credit Linked Notes may or may not bear interest, as specified in the applicable Final Terms. Zero Coupon Equity Tranche Credit Linked Notes, Reverse Exposure Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes will not bear interest.

Range Accrual Credit Linked Notes will bear interest as specified in the Final Terms, which interest will accrue on days on which the market level of the Notes' specified Index or the market fixed rate applicable to the Notes' specified Reference Entity falls within a specified range subject, as described in further detail in the section entitled "*Information regarding Range Accrual Credit Linked Notes*", to the occurrence of a Credit Event and the satisfaction of the Conditions to Settlement.

General Conditions:

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

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 ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements.

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 less the cost to the Issuer of unwinding any related hedging arrangements; 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 Issuer may also terminate the Notes early in certain circumstances set out on the Product Conditions including in connection with the occurrence of Credit Events, certain disruption events, a merger of the Issuer and a Reference Entity or where a substitute Reference Obligation is not identified.

Substitution:

The Issuer may at any time, without the consent of the Holders, substitute for itself as principal obligor under the Notes any company, being any subsidiary or affiliate of the Issuer, including, for the avoidance of doubt, The Royal Bank of Scotland plc, subject to certain conditions including the a requirement that the Issuer give the Holders at least 30 days' notice of such substitution.

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 11.

Form of Notes:

The relevant Notes will be issued in global form.

Settlement of Notes:

The relevant Notes shall be cash settled.

Governing Law:

English law.

Final Terms:

Each Series will be the subject of Final Terms which will contain the final terms applicable to the Series. The form of the Final Terms applicable to the Notes is set out at the end of this Base Prospectus.

The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

ANNEX 2

DEMERGER PRESS RELEASE

ABN AMRO completes legal demerger of Dutch State acquired businesses and associated legal renaming

Certain definitions

Throughout this press release, 'ABN AMRO Holding' means ABN AMRO Holding N.V. The term 'ABN AMRO' refers to ABN AMRO Holding and its consolidated subsidiaries. 'RBS N.V.' and 'the Demerging Company' means The Royal Bank of Scotland N.V. (previously named ABN AMRO Bank N.V.) and its consolidated subsidiaries. The 'Acquiring Company' means the new entity named ABN AMRO Bank N.V. (previously named ABN AMRO II N.V.). 'EUR' refers to euros, while 'USD' refers to US dollars.

The terms 'Consortium' and 'Consortium Members' refer to The Royal Bank of Scotland Group plc (RBS Group), Fortis N.V., Fortis SA/NV (Fortis) and Banco Santander S.A. (Santander) that jointly acquired ABN AMRO Holding N.V. on 17 October 2007 through RFS Holdings B.V. On 3 October 2008 the State of the Netherlands (Dutch State) acquired Fortis Bank Nederland (Holding) N.V., including the interest in RFS Holdings B.V. that represents the acquired activities of ABN AMRO, and effectively became the successor of Fortis in the Consortium Shareholder Agreement.

Furthermore, all references to ABN AMRO Bank N.V. (where it is clear from the context that such reference is not a reference to the Acquiring Company) shall be deemed to be a reference to The Royal Bank of Scotland N.V.

The term 'legal demerger' refers to the legal demerger (*juridische splitsing*) under Title 2:7 of the Dutch Civil Code of ABN AMRO into the Acquiring Company and the Demerging Company, pursuant to the legal demerger. The Dutch State acquired businesses were transferred to the Acquiring Company from the Demerging Company on 6 February 2010. Certain subsidiaries and assets and liabilities were separately transferred to the Acquiring Company prior to the execution of the legal demerger and some further assets and liabilities will be separately transferred to the Acquiring Company around the same time or shortly after the execution of the legal demerger.

On 6 February 2010 ABN AMRO successfully executed the deed of demerger in accordance with the demerger proposal filed with the Amsterdam Chamber of Commerce on 30 September 2009, thereby demerging the majority of the Dutch State acquired businesses. Additionally, as part of the overall separation process, some subsidiaries and assets and liabilities were separately transferred to the new legal entity ahead of the execution of the legal demerger. Furthermore, some further assets and liabilities will be separately transferred to the Acquiring Company around the same time or shortly after the execution of the legal demerger.

Effective at the same date, the existing legal entity ABN AMRO Bank N.V., from which the Dutch State acquired businesses were demerged, was renamed The Royal Bank of Scotland N.V. The legal entity into which the Dutch State acquired businesses were demerged was also renamed, from ABN AMRO II N.V. to ABN AMRO Bank N.V. Both the Demerging Company and the Acquiring Company will remain wholly owned by ABN AMRO Holding until the latter is legally separated from ABN AMRO Holding.

The demerger proposals (excluding the description of assets and liabilities) and pro forma financial information as of 31 December 2008 and 30 June 2009 reflecting the impact of the legal transfers and demergers on ABN AMRO are available at www.abnamro.com. The complete demerger filing, including a description of assets and liabilities to be transferred, was filed with the Amsterdam Chamber of Commerce on 30 September 2009.

This represents the successful execution of the first step in a two step process ABN AMRO chose to effect the legal separation of the assets and liabilities acquired by the Dutch State. The second step, "legal separation", will result in the transfer of the shares of the Acquiring Company from ABN AMRO Holding to a new holding company fully owned by the Dutch State and independent of ABN AMRO Holding. After the legal separation, ABN AMRO Holding will be renamed RBS Holdings N.V.

ABN AMRO Holding was acquired by a consortium of banks through RFS Holdings B.V. on 17 October 2007. The consortium consisted of RBS (38%), Fortis (34%) and Santander (28%). On 24 December 2008 the Fortis Bank Nederland (Holding) N.V. stake in RFS Holdings B.V. was transferred to the Dutch State, following the acquisition by the Dutch State in October 2008 of Fortis Bank Nederland (Holding) N.V., including its stake in RFS Holdings B.V.

Until legal separation, ABN AMRO will continue to be governed by ABN AMRO Holding's managing and supervisory boards and regulated on a consolidated basis with capital adequacy, liquidity measures and exposures being reported to and regulated by the Dutch Central Bank. ABN AMRO's capital ratios continue to exceed the minimum tier 1 and total capital ratios of 9% and 12.5% respectively (as set under Basel I by the Dutch Central Bank (*De Nederlandsche Bank*) during the separation period of ABN AMRO) and are adequate to cover for stress scenarios. ABN AMRO continues to comfortably exceed the regulatory liquidity requirements. ABN AMRO and its shareholder have taken steps to ensure that at legal separation each individual, separating bank will be adequately capitalised and has a sound liquidity position.

RBS N.V. will be an integral part of the RBS Group and will principally contain international lending, international transaction services and equities businesses of the RBS Group. These remaining activities will continue to be subject to Dutch Central Bank supervision and on a consolidated basis as part of the RBS Group be subject to UK Financial Services Authority supervision. Due to the change in the operating model of RBS N.V. compared to pre-acquisition ABN AMRO Bank N.V., a licence renewal was granted by the Dutch Central Bank on 3 February 2010.

The majority of the businesses acquired by the Dutch State, consisting of the Dutch commercial and retail banking, Dutch and international private clients and diamond businesses, were transferred to the Acquiring Company at or shortly before the legal demerger. However, during the period between the legal demerger and legal separation a small 'tail' of predominantly international businesses will continue to be transferred to the Acquiring Company. The exact timing of these transfers will be determined by, amongst other things, the granting of regulatory approvals in the countries in which the businesses operate. The Acquiring Company was granted a banking licence on 13 January 2010.

Following the legal demerger and until legal separation, the managing and supervisory boards of RBS N.V. and of the Acquiring Company will be the same as the managing and supervisory boards of ABN AMRO Holding.

Banking license

On 13 January 2010 the Dutch Central Bank granted a banking license to the Acquiring Company for engaging in universal banking business in the Netherlands.

On 3 February 2010 the Dutch Central Bank granted a continuation of its existing banking license to RBS N.V.

Capital ratios

The following table shows the pro forma capital ratios as at 30 September 2009 on the basis of the Basel I capital accord for both ABN AMRO Holding and the Acquiring Company, both after the effect of the legal demerger and including the effect of capital actions executed on 23 December 2009 and the planned capital distribution as described below.

	Pro forma ABN AMRO Holding N.V.	Pro forma ABN AMRO Holding N.V. excluding the Acquiring Company	Pro forma Acquiring Company
Tier 1 capital ratio	13.44%	18.95%	10.56%
Total tier capital ratio	19.14%	27.33%	14.85%

Capital actions new ABN AMRO Bank N.V.

The capital actions of the Dutch State for the benefit of the Dutch State acquired businesses to be transferred to the Acquiring Company, executed on 23 December 2009, consisted of the issue of two Mandatory Convertible Securities. The first of these was issued by the Demerging Company in the amount of EUR 967 million and has been demerged together with the assets and liabilities of the Dutch State acquired businesses in accordance with the legal demerger filing dated 30 September 2009 to the Acquiring Company. The second of these was in the amount of EUR 833 million and was issued directly by the Acquiring Company to cover expected losses in respect of the EU Remedy business disposal as described below. The latter issuance did not contribute to the capital ratios as of 31 December 2009, since a banking license was granted to the Acquiring Company in 2010.

As a consequence of the capital actions described above, the capital position of the Acquiring Company will exceed the current regulatory minima as set by the Dutch Central Bank for ABN AMRO (Tier I capital ratio 9%, Total capital ratio 12.5%) under the agreed Basel I transitional regime during the period of separation of ABN AMRO. These capital actions are also aimed to adequately satisfy the Dutch Central Bank regulatory requirements in accordance with Basel II.

Capital actions RBS N.V.

The capital actions completed by the RBS Group for the benefit of the future RBS N.V. consisted of the inclusion of assets in the UK's Asset Protection Scheme through a guarantee agreement between The Royal Bank of Scotland plc and RBS N.V., and an equity capital contribution of EUR 3.6 billion. As a result, the RBS acquired businesses are more than adequately capitalised under the current Basel I transitional regime and are aimed to be adequately capitalised at a level commensurate with the requirements of the future RBS N.V., post legal separation, under Basel II.

Capital distribution

The completion of the capital actions described facilitated the execution of the legal demerger and supports the future legal separation of the Acquiring Company from ABN AMRO Holding planned to be completed approximately two months after the legal demerger.

The boards of ABN AMRO Holding have approved and have obtained necessary approval from the Dutch Central Bank for the distribution of EUR 7.5 billion of capital to the parent of ABN AMRO Holding, RFS Holdings B.V., for the benefit of Santander. This distribution was effected on 5 February 2010. The boards of ABN AMRO Holding have furthermore resolved to make a further distribution for an amount in the range of EUR 1.2 to 1.5 billion for the benefit of Santander, subject to Dutch Central Bank approval, immediately before legal separation. After such further distribution, the indirect interest of Santander in ABN AMRO will have decreased to its share in the remaining Shared Assets.

Ratings*The Acquiring Company*

On 5 February 2010, Standard & Poor's announced that it assigned A+ (long term) / A-1 (short term) ratings with a negative outlook to the Acquiring Company upon legal demerger.

On 20 January 2010, Fitch Ratings announced that it expects to assign A+ (long term) / F1+ (short term) ratings with a stable outlook to the Acquiring Company upon legal demerger.

On 21 January 2010, Moody's Investors Service assigned provisional Aa3 (long term) / P-1 (short term) ratings with a negative outlook to the Acquiring Company upon legal demerger. Moody's Investors Services will assign final ratings upon legal demerger.

The Demerging Company

On 7 January 2010, Standard & Poor's announced that it expects to assign A+ (long term) / A-1 (short term) ratings with a stable outlook to the Demerging Company upon legal demerger.

On 5 February 2010, Fitch Ratings reaffirmed that it expects to assign AA- (long term) / F1+ (short term) ratings with a stable outlook to the Demerging Company upon legal demerger.

On 5 February 2010, Moody's Investors Service assigned provisional A2 (long term) / P-1 (short term) ratings with a stable outlook to the Demerging Company upon legal demerger.

Debt allocation

The allocation of debt instruments to Consortium Members has been finalised as part of the legal demerger process. The debt instrument allocation list is available at www.abnamro.com/investors/investors.cfm.

As part of the finalisation, the USD 150 million 7.13% subordinated notes 2093 (previously reported in Central Items) have been allocated to the RBS acquired businesses and will, therefore, continue as an obligation of RBS N.V.

The USD 250 million 7.75% subordinated lower tier 2 notes 2023, while economically allocated to the Dutch State acquired businesses, remain a legal obligation of RBS N.V. until their intended transfer in the second quarter of 2010 to the new ABN AMRO Bank N.V. These notes can not be transferred to the Acquiring Company as part of the Dutch legal demerger process, because they are governed by US law.

Risk Factors

Set out below are the risk factors pertaining to the legal demerger process.

Recourse of investors due to legal demerger and cross liability

Following the legal demerger, ABN AMRO has demerged into two entities, being the Demerging Company and the Acquiring Company with effect from 6 February 2010. After that date, in principle investors will only have recourse to the entity to which the relevant assets and liabilities have been transferred for payments in respect of the appropriate securities.

However, under article 2:334t of the Dutch Civil Code, the Demerging Company, after legal demerger, remains liable to the creditors for obligations which transferred from the Demerging Company to the Acquiring Company in the event that the Acquiring Company cannot meet its obligation to those creditors.

Similarly, after legal demerger, the Acquiring Company is liable to the creditors for obligations that remain in the Demerging Company, in the event that the Demerging Company cannot meet its obligation to those creditors.

In each case, the liability of a party for the obligations of the other party and vice versa relates only to obligations existing at the date of legal demerger. The liability will cease to exist upon

expiration of the obligations. Furthermore, the Demerging Company's liability for (in short) monetary obligations is limited to the equity retained at legal demerger, amounting to EUR 4.0 billion. The Acquiring Company's liability for (in short) monetary obligations is limited to the amount of equity acquired at legal demerger, which amounts to EUR 1.8 billion.

The Demerging Company will put in place arrangements to mitigate the risks of its liability to the creditors which transferred from the Demerging Company to the Acquiring Company. The Acquiring Company will also put in place arrangements to mitigate the risks of its liability to the creditors which remain with the Demerging Company. Such arrangements include the provision of collateral upon the occurrence of certain events, which will be put in place by legal separation. Each of the Demerging Company and the Acquiring Company will hold the regulatory capital agreed with the Dutch Central Bank for any residual risks.

The joint and several liability of ABN AMRO Holding for the debts of the Acquiring Company will be revoked following the anticipated legal separation

ABN AMRO Holding deposited two statements pursuant to Section 2:403 of the Netherlands Civil Code with the Commercial Register of the Chamber of Commerce in Amsterdam (403 Declaration), each declaring that ABN AMRO Holding is jointly and severally liable for the debts resulting from the legal acts of ABN AMRO Bank N.V., the Demerging Company in its form prior to the legal demerger, and of the Acquiring Company.

Following the legal demerger, these 403 Declarations continue to be applicable. Upon the legal separation, the 403 Declaration relating to the Acquiring Company, the demerged and transferred subsidiaries and, partially, to the Demerging Company, will be revoked, provided that all of the relevant conditions of Section 2:404 of the Dutch Civil Code are met. Consequently the joint and several liability of ABN AMRO Holding for the debts resulting from legal acts of the Acquiring Company (including remaining liability for legal acts of the Acquiring Company which arose prior to the date of revocation of the 403 Declaration), the demerged and transferred subsidiaries and of the Demerging Company to the extent it relates to the split-off to the Acquiring Company pursuant to the legal demerger, will be terminated.

ABN AMRO Holding filed its intention to terminate any such remaining liability with the Amsterdam Chamber of Commerce on 2 December 2009. By filing the intention to terminate the remaining liability, a creditor objection period of two months was initiated, which ended on 2 February 2010.

ABN AMRO's legal demerger and legal separation process creates additional risks for ABN AMRO's business and stability

ABN AMRO is going through a period of transition and change, which poses additional risks to ABN AMRO's business including (i) ABN AMRO's ability to manage the break up of ABN AMRO in a controlled manner while minimising the loss of business, (ii) ABN AMRO's ability to retain key personnel during the transition and (iii) enhanced operational and regulatory risks during this period. During this period of transition and change and as a result of the legal demerger and upcoming legal separation, the Demerging Company and the Acquiring Company will remain interdependent with respect to certain business areas, for which they will *inter alia* provide certain services to each other.

Integration of the Acquiring Company with Fortis Bank (Nederland) N.V.

On 21 November 2008, the Dutch State announced its intention to integrate the Dutch State acquired businesses of ABN AMRO with Fortis Bank (Nederland) N.V. ('FBN') after completion of the legal demerger and legal separation process. The integration of the Acquiring Company with FBN is subject to the completion of the sale by the Acquiring Company to Deutsche Bank AG of NEW HBU II N.V. and IFN Finance B.V.

The integration process of the Acquiring Company with FBN could be delayed due to *inter alia* delays regarding the structuring of the legal merger of the two entities or delays in approval or additional terms and conditions of supervisory and regulatory bodies. Failure or delay in this

integration may adversely affect the stand alone operation of the Acquiring Company and may therefore adversely affect the Acquiring Company's results and financial condition.

Major Shareholder and change of control

As at the date of the legal demerger, ABN AMRO Holding is the sole shareholder of the Acquiring Company.

As a consequence of and as from the legal separation, the shares of the Acquiring Company will be transferred from ABN AMRO Holding to a new holding company fully owned by the Dutch State, named ABN AMRO Group N.V., and independent of ABN AMRO Holding, which will after separation be renamed RBS Holdings N.V.

The Dutch State has announced its intention to integrate the Acquiring Company with FBN after completion of the legal separation process. The Dutch State is not involved in the day-to-day management of the Acquiring Company, and has expressed the intention not to be involved in the day-to-day management of the combined entity once the Acquiring Company has merged with FBN. The Dutch State has stated its intention to privatise the combined bank not earlier than 2011.

EU Remedy

ABN AMRO Bank N.V. and Deutsche Bank AG signed the Share Purchase Agreement confirming the agreements reached for the sale of NEW HBU II N.V. (NEW HBU II) and IFN Finance B.V. (IFN Finance) on 23 December 2009. The sale price agreed upon for NEW HBU II and IFN Finance, including a guarantee provided for 75% of the credit losses ('credit umbrella') and an amount for other liabilities and costs, is EUR 700 million.

With the signing, the sale is now closer to completion. The final steps in the process prior to the closing thereof are the transfer of the NEW HBU II shares to the Acquiring Company, the legal demerger of the majority of the businesses acquired by the Dutch State into the Acquiring Company and the legal separation of the Acquiring Company. The closing of the NEW HBU II and IFN Finance transaction is expected to take place thereafter in the early spring of 2010. ABN AMRO has considered the impact of the transaction on results and capital ratios and considers that the transaction will have a negative impact of between EUR 800 and EUR 900 million on results. The total loss on the transaction includes a provision for the credit umbrella. The new ABN AMRO Bank N.V. expects to account for these losses when, after legal separation, the conditions for effecting the closing have been met.

Documents available

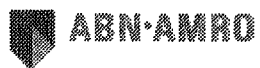
On 8 February 2010, ABN AMRO Holding, the Demerging Company and the Acquiring Company also published pro forma financial information as of 31 December 2008 and 30 September 2009 reflecting the financial impact of the legal transfers and demergers on ABN AMRO (the **September 2009 Pro Forma Financial Information**). This information includes an updated organisational chart and is attached as Appendix 2.

Further information on the separation of ABN AMRO is available at www.abnamro.com and www.rbs.com.

The Dutch Registration Document and copies of all documents incorporated by reference in the Registration Document are accessible at www.abnamro.com and at <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, ABN AMRO Press Office, Gustav Mahlerlaan 10, PO Box 283, 1000 EA Amsterdam, The Netherlands, telephone (+31) 0(20) 628 8900, e-mail pressrelations@nl.abnamro.com

ANNEX 3

SEPTEMBER 2009 PRO FORMA FINANCIAL INFORMATION



**Unaudited pro forma condensed consolidated financial
information relating to:**

- (i) ABN AMRO Holding N.V.
- and
- (ii) ABN AMRO Bank N.V.

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Background

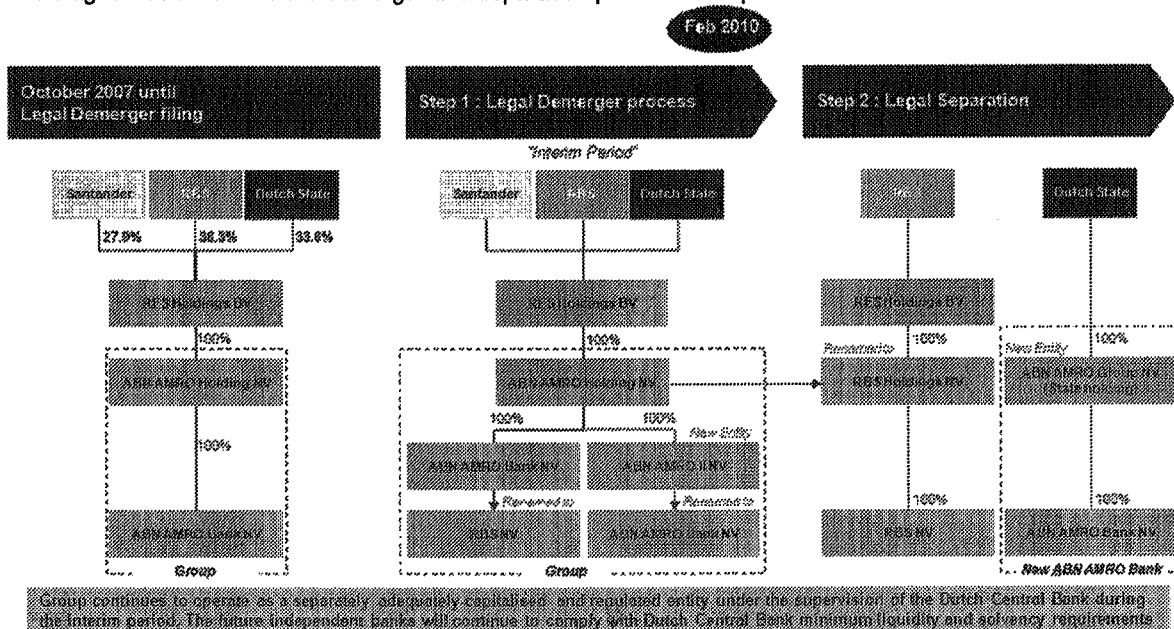
At the date of demerger, ABN AMRO Bank N.V. was renamed to The Royal Bank of Scotland N.V. (hereinafter RBS N.V.) and ABN AMRO II N.V. was renamed ABN AMRO Bank N.V. Until legal separation both RBS N.V. and ABN AMRO Bank N.V. will be governed by the ABN AMRO Holding N.V. managing and supervisory boards and regulated on a consolidated basis with capital ratios, liquidity measures and exposures being reported to and regulated by the Dutch Central Bank. For an overview of the liabilities issued by ABN AMRO Bank N.V. that have been allocated to the Dutch State acquired businesses and a list of the liabilities remaining as legal obligations of RBS N.V., refer to www.abnamro.com.

The Royal Bank of Scotland Group plc ('RBS Group') and the State of the Netherlands ('Dutch State') continue to work towards the legal separation of the Dutch State acquired businesses from the residual RBS acquired businesses into two separate viable banks, each with its own banking license and each adequately capitalised at the time of legal separation. On 13 January 2010 the Dutch Central Bank granted a banking license to ABN AMRO Bank N.V. for engaging in universal banking business in the Netherlands. On 3 February 2010 the Dutch Central Bank granted a continuation of its existing banking license to RBS N.V.

After legal separation, ABN AMRO Holding N.V. will be renamed RBS Holdings N.V. RBS N.V. will remain a wholly owned subsidiary of RBS Holdings N.V., which in turn will remain wholly owned by RFS Holdings B.V. RFS Holdings B.V. will be substantially owned by the RBS Group after separation. RBS N.V. principally contains international lending, international transaction services and equities businesses of the RBS Group.

ABN AMRO Bank N.V. will become a wholly owned subsidiary of a newly incorporated entity ABN AMRO Group N.V. which in turn will be wholly owned by the Dutch State. ABN AMRO Bank N.V. serves Dutch commercial and retail banking clients, Dutch and international private clients, and diamond businesses.

The diagram below shows the demerger and separation process in steps.



1. The Dutch State's part of the assets and liabilities that are not yet allocated to any of the Consortium shareholders, the so-called *Shared Assets*, are not included in this overview.
2. The structure shown represents the position after a transitional phase, during which the Dutch State and Banco Santander S.A. will continue to hold a stake in RFS Holdings B.V. commensurate to their holding in remaining *Shared Assets* and any other businesses subject to later separation.

The purpose of this document is to provide pro forma financial information to supplement the demerger press release by ABN AMRO Holding N.V. with updated information about the new legal structure of ABN AMRO. The legal demerger is a significant event and therefore the update is required to provide investors with relevant historical financial information on a pro forma basis allowing an assessment of the impact of the demerger. The pro forma financial information has been prepared for illustrative purposes only on the basis of estimates and assumptions which are preliminary. The pro forma information addresses a hypothetical situation and does not represent the actual position or the results of either ABN AMRO Holding N.V. or ABN AMRO Bank N.V.

The pro forma financial information includes the following pro forma information for both ABN AMRO Holding N.V. and ABN AMRO Bank N.V. (i) a pro forma Statement of Financial Position as at 30 September 2009, (ii) a pro forma Income statement for the nine months ended 30 September 2009, (iii) a pro forma Statement of Financial Position as at 31 December 2008, (iv) a pro forma income statement for the year ended 31 December 2008, and (v) Notes to the pro forma financial information. This pro forma financial information should be read in conjunction with the financial information and the related notes for the 9 months ended 30 September 2009 published in the press release of ABN AMRO Holding N.V. on 25 November 2009 and the financial statements and the related notes thereto for the year ended 31 December 2008.

The unaudited pro forma financial information may be subject to change because management has not finalised their detailed assessment of key estimates and judgements which is part of the preparation process of the consolidated financial statements for the year ended 31 December 2009. Management is not aware of any matters that could impact ABN AMRO Holding N.V.'s results and financial position as presented in the pro forma financial information. The audited consolidated financial statements of ABN AMRO Holding N.V. for the year ended 31 December 2009 will be available at the end of March 2010.

Unaudited pro forma Condensed Consolidated Statement of Financial Position ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) as at 30 September 2009

(amounts in millions of euros)

	ABN AMRO Holding N.V. ⁽¹⁾	ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) ⁽²⁾	Intercompany reclassification ⁽³⁾	Pro Forma Total ⁽⁴⁾
Assets				
Cash and balances at central banks	15,090	634		14,456
Financial assets held for trading	95,277	3,388		91,889
Financial investments	75,711	20,659		55,052
Loans and receivables - banks	55,622	17,886	16,430	54,166
Loans and receivables - customers	230,477	150,809		79,668
Other assets	28,581	9,610		18,971
Total assets	500,758	202,986	16,430	314,202
Liabilities				
Financial liabilities held for trading	80,261	2,605		77,656
Due to banks	63,838	1,846	16,430	78,422
Due to customers	195,325	140,538		54,787
Issued debt securities	98,902	28,218		70,684
Other liabilities	33,563	17,693		15,870
Liabilities (excluding subordinated liabilities)	471,889	190,900	16,430	297,419
Subordinated liabilities	12,752	5,212		7,540
Total liabilities	484,641	196,112	16,430	304,959
Equity				
Equity attributable to shareholders	16,078	6,863		9,215
Equity attributable to minority interests	39	11		28
Total equity	16,117	6,874		9,243
Total equity and liabilities	500,758	202,986	16,430	314,202

(1) The financial information for ABN AMRO Holding N.V. has been extracted from unaudited financial information for the nine months ended 30 September 2009 included in its press release dated 25 November 2009. Hereafter, ABN AMRO Holding N.V. represents ABN AMRO Holding N.V. and its consolidated subsidiaries.

(2) See note 3 to pro forma information.

(3) This column removes the effect of reclassification of balances between ABN AMRO Holding N.V. and ABN AMRO Bank N.V. that were intercompany transactions before the legal demerger. The reclassification is performed to show ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) as if it were a standalone legal entity.

(4) See note 2 to pro forma financial information.

Unaudited pro forma Condensed Consolidated Income Statement ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) for the nine months ended 30 September 2009

(amounts in millions of euros)

	ABN AMRO Holding N.V. ⁽¹⁾	ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) ⁽²⁾	Pro Forma Total ⁽³⁾
Net interest income	3,369	2,130	1,239
Net fee and commission income	1,689	921	768
Net trading income	693	15	678
Results from financial transactions	(2,132)	259	(2,391)
Share of result in equity accounted investments	35	64	(29)
Other operating income	37	155	(118)
Income of consolidated private equity holdings	342	321	21
Operating income	4,033	3,865	168
Operating expenses	6,261	2,963	3,298
Loan impairment and other credit risk provisions	2,502	838	1,664
Total expenses	8,763	3,801	4,962
Operating profit/(loss) before tax	(4,730)	64	(4,794)
Tax	(968)	19	(987)
Profit/(loss) from continuing operations	(3,762)	45	(3,807)
Profit from discontinued operations net of tax	100	-	100
Profit/(loss) for the period	(3,662)	45	(3,707)
Attributable to:			
Shareholders	(3,665)	46	(3,711)
Minority interests	3	(1)	4

(1) The financial information for ABN AMRO Holding N.V. has been extracted from unaudited financial information for the nine months ended 30 September 2009 included in its press release dated 25 November 2009.

(2) See note 3 to pro forma financial information.

(3) See note 2 to pro forma financial information.

Unaudited pro forma Condensed Consolidated Statement of Financial Position ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) as at 31 December 2008

(amounts in millions of euros)

	ABN AMRO Holding N.V. ⁽¹⁾	ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) ⁽²⁾	Intercompany reclassification ⁽³⁾	Pro Forma Total ⁽⁴⁾
Assets				
Cash and balances at central banks	5,854	596		5,258
Financial assets held for trading	212,653	978		211,675
Financial investments	67,061	14,667		52,394
Loans and receivable - banks	75,566	7,456	6,425	74,535
Loans and receivables - customers	270,507	150,403		120,104
Other assets	35,176	9,439		25,737
Total assets	666,817	183,539	6,425	489,703
Liabilities				
Financial liabilities held for trading	192,087	337		191,750
Due to banks	94,620	730	6,425	100,315
Due to customers	209,004	121,962		87,042
Issued debt securities	111,296	31,174		80,122
Other liabilities	29,138	16,365		12,773
Liabilities (excluding subordinated liabilities)	636,145	170,568	6,425	472,002
Subordinated liabilities	13,549	5,927		7,622
Total liabilities	649,694	176,495	6,425	479,624
Equity				
Equity attributable to shareholders	17,077	7,039		10,038
Equity attributable to minority interests	46	5		41
Total equity	17,123	7,044		10,079
Total equity and liabilities	666,817	183,539	6,425	489,703

(1) The financial information for ABN AMRO Holding N.V. has been extracted from the audited financial statements for the year ended 31 December 2008.

(2) See note 3 to pro forma financial information.

(3) This column removes the effect of reclassification of balances between ABN AMRO Holding N.V. and ABN AMRO Bank N.V. that were intercompany transactions before the legal demerger. The reclassification is performed to show ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) as if it were a standalone legal entity.

(4) See note 2 to pro forma financial information.

Unaudited pro forma Condensed Consolidated Income Statement ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) for the year ended 31 December 2008

(amounts in millions of euros)

	ABN AMRO Holding N.V. ⁽¹⁾	ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) ⁽²⁾	Pro Forma Total ⁽³⁾
Net interest income	5,783	3,223	2,560
Net fee and commission income	2,629	1,322	1,307
Net trading income	(9,324)	190	(9,514)
Results from financial transactions	(1,684)	181	(1,865)
Share of result in equity accounted investments	106	31	75
Other operating income	306	242	64
Income of consolidated private equity holdings	1,726	-	1,726
Operating income	(458)	5,189	(5,647)
Operating expenses	11,629	3,786	7,843
Loan impairment and other credit risk provisions	3,387	776	2,611
Total expenses	15,016	4,562	10,454
Operating profit/(loss) before tax	(15,474)	627	(16,101)
Tax	(2,580)	156	(2,736)
Profit/(loss) from continuing operations	(12,894)	471	(13,365)
Profit from discontinued operations net of tax	16,489	3,065	13,424
Profit for the year	3,595	3,536	59
Attributable to:			
Shareholders	3,580	3,530	50
Minority interests	15	6	9

(1) The financial information for ABN AMRO Holding N.V. has been extracted from the audited financial statements for the year ended 31 December 2008.

(2) See note 3 to pro forma financial information.

(3) See note 2 to pro forma financial information.

Notes to pro forma financial information for ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.)

1 Basis of preparation

The pro forma financial information for ABN AMRO Holding N.V. as at 30 September 2009 and 31 December 2008 has been based on International Financial Reporting Standards (IFRS) and IFRS as adopted by the European Union. The pro forma financial information does not include events subsequent to 30 September 2009.

The pro forma financial information has been prepared on the following basis:

- The pro forma condensed consolidated statement of financial position of ABN AMRO Holding N.V. at 30 September 2009 and 31 December 2008 is presented to show the effect of the legal demerger of ABN AMRO Bank N.V. and is based upon the respective consolidated balance sheets at 30 September 2009 and 31 December 2008 of ABN AMRO Holding N.V. and ABN AMRO Bank N.V. as if the proposed transaction had occurred on 30 September 2009 and 31 December 2008.
- The pro forma condensed consolidated income statement of ABN AMRO Holding N.V. for the nine months ended 30 September 2009 and the year ended 31 December 2008 is presented to show the effect of the legal demerger of ABN AMRO Bank N.V. and is based upon the respective consolidated income statements for the nine months ended 30 September 2009 and the year ended 31 December 2008 of ABN AMRO Holding N.V. and ABN AMRO Bank N.V. as if the proposed transaction had occurred on 30 September 2009 and 31 December 2008.
- The pro forma condensed consolidated statements of financial position at 30 September 2009 and 31 December 2008 for ABN AMRO Bank N.V. assume that all assets acquired by the Dutch State are demerged with no residual assets (see note 3 for information on assets to be transferred after the demerger). Consequently the pro forma total for ABN AMRO Holding N.V. does not include these residual assets.

2 Central Items

The pro forma financial information for ABN AMRO Holding N.V. includes not only the RBS acquired businesses but also other items as detailed below, the so-called "Central Items".

a) Shared Assets

ABN AMRO Holding N.V., after the demerger, continues to include assets and liabilities that have not yet been settled between the consortium shareholders, the so-called "Shared Assets", in which each of the consortium shareholders has a joint and indirect interest. The net value of the assets and liabilities that are currently expected to remain for an interim period in ABN AMRO Holding N.V. amounts to EUR 6.9 billion negative at 30 September 2009. As part of the legal demerger, capital related to the demerged businesses transferred to ABN AMRO Bank N.V. However sufficient capital remains in ABN AMRO Holding N.V. to cover the Dutch State interest in the Shared Assets.

b) Other Central Items

The pro forma for ABN AMRO Holding N.V. includes some remaining assets and the results thereon as well as profit from discontinued operations allocated to the Banco Santander S.A. (Santander) acquired businesses. These are reported as part of the Central Items and remain in ABN AMRO Holding N.V. until any remaining balances with Santander are settled and remaining capital distributed for the benefit of Santander. Sufficient capital will also remain in ABN AMRO Holding N.V. for the Santander interest in the remaining Shared Assets until such time that these are sold, redeemed or otherwise settled.

3 Assets and liabilities to be transferred after demerger

A number of assets and liabilities included in some Private Clients and International Diamonds & Jewellery Group businesses in branches and subsidiaries are not part of the legal demerger. These assets and liabilities are part of the Dutch State acquired businesses and will be transferred to ABN AMRO Bank N.V., as soon as

possible after the effective date of the demerger, when all required technical and regulatory separation activities are complete and approvals obtained.

At the date of legal demerger, EUR 4.2 billion of EUR 203.0 billion of assets and EUR 4.1 billion of EUR 196.1 billion liabilities, which are included the pro forma financial information of ABN AMRO Bank N.V. at 30 September 2009 remain in ABN AMRO Holding N.V. The remaining assets are adequately funded and capitalised until they are transferred. The majority of these assets will transfer during the interim period between legal demerger and legal separation once the necessary consents have been obtained.

It is expected that at the date of legal separation, EUR 0.6 billion of these EUR 4.2 billion of assets and EUR 0.5 billion of these EUR 4.1 billion of liabilities will remain in ABN AMRO Holding N.V. and will be transferred as soon as possible after legal separation. The remaining assets are adequately funded and capitalised until their transfer after legal separation.

The assets and liabilities that will be transferred at a later stage are presented as part of ABN AMRO Bank N.V. in the pro forma income statement and statement of financial position as they are not significant.

4 Accounting policies

The same accounting policies and methods of computation are followed in the pro forma financial information as were applied in the preparation of the ABN AMRO Holding N.V. financial statements for the year ended 31 December 2008, except for the impact for the adoption of IAS 1 (revised 2007) Presentation of Financial Statements as disclosed in the Condensed Consolidated Financial Statements for the six months period ended 30 June 2009. Please refer to pages 99 to 118 of ABN AMRO Holding N.V.'s 2008 Annual Report for a description of the accounting policies.

5 Cross liability

Under article 2:334t of the Dutch Civil Code, RBS N.V., after legal demerger, remains liable to the creditors which transferred from RBS N.V. to ABN AMRO Bank N.V. in the event that ABN AMRO Bank N.V. cannot meet its obligation to those creditors.

The liability relates only to obligations existing at the date of legal demerger. The liability will cease to exist upon expiration of the obligations. RBS N.V.'s liability is limited to the equity retained at legal demerger, amounting to approximately EUR 4.0 billion.

RBS N.V. will put in place arrangements to mitigate the risks of the liability to the creditors which transferred from RBS N.V. to ABN AMRO Bank N.V. by legal separation. RBS N.V. will after legal separation hold the regulatory capital agreed with the Dutch Central Bank for any residual risks.

Similarly under Article 2:334t of the Dutch Civil Code, RBS N.V. is under certain circumstances liable to the creditors which have transferred from RBS N.V. to New HBU II N.V. on 7 August 2008. This liability amounts to approximately EUR 1.6 billion at 30 September 2009.

Unaudited pro forma Condensed Consolidated Statement of Financial Position ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) as at 30 September 2009

(amounts in millions of euros)

	ABN AMRO Holding N.V. ⁽¹⁾	ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) ⁽²⁾	Intercompany reclassification ⁽³⁾	ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) Pro Forma Total ⁽⁴⁾
Assets				
Cash and balances at central banks	15,090	14,456		634
Financial assets held for trading	95,277	91,889		3,388
Financial investments	75,711	55,052		20,659
Loans and receivables - banks	55,622	54,166	16,430	17,886
Loans and receivables - customers	230,477	79,668		150,809
Other assets	28,581	18,971		9,610
Total assets	500,758	314,202	16,430	202,986
Liabilities				
Financial liabilities held for trading	80,261	77,656		2,605
Due to banks	63,838	78,422	16,430	1,846
Due to customers	195,325	54,787		140,538
Issued debt securities	98,902	70,684		28,218
Other liabilities	33,563	15,870		17,693
Liabilities (excluding subordinated liabilities)	471,889	297,419	16,430	190,900
Subordinated liabilities	12,752	7,540		5,212
Total liabilities	484,641	304,959	16,430	196,112
Equity				
Equity attributable to shareholders	16,078	9,215		6,863
Equity attributable to minority interests	39	28		11
Total equity	16,117	9,243		6,874
Total equity and liabilities	500,758	314,202	16,430	202,986

(1) The financial information for ABN AMRO Holding N.V. has been extracted from unaudited financial information for the nine months ended 30 September 2009 included in its press release dated 25 November 2009.

(2) The financial information for ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) also contains Central Items, see note 2 on page 9.

(3) This column removes the effect of reclassification of balances between ABN AMRO Bank N.V. and ABN AMRO Holding N.V. that were intercompany transactions before the legal demerger. The reclassification is performed to show ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) as if it were a standalone legal entity.

(4) See note 2 to pro forma financial information.

Unaudited pro forma Condensed Consolidated Income Statement ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) for the nine months ended 30 September 2009

(amounts in millions of euros)

	ABN AMRO Holding N.V. ⁽¹⁾	ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) ⁽²⁾	ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) Pro Forma Total ⁽³⁾
Net interest income	3,369	1,239	2,130
Net fee and commission income	1,689	768	921
Net trading income	693	678	15
Results from financial transactions	(2,132)	(2,391)	259
Share of result in equity accounted investments	35	(29)	64
Other operating income	37	(118)	155
Income of consolidated private equity holdings	342	21	321
Operating income	4,033	168	3,865
Operating expenses	6,261	3,298	2,963
Loan impairment and other credit risk provisions	2,502	1,664	838
Total expenses	8,763	4,962	3,801
Operating profit/(loss) before tax	(4,730)	(4,794)	64
Tax	(968)	(987)	19
Profit/(loss) from continuing operations	(3,762)	(3,807)	45
Profit from discontinued operations net of tax	100	100	-
Profit/(loss) for the period	(3,662)	(3,707)	45
Attributable to:			
Shareholders	(3,665)	(3,711)	46
Minority interests	3	4	(1)

(1) The financial information for ABN AMRO Holding N.V. has been extracted from unaudited financial information for the nine months ended 30 September 2009 included in its press release dated 25 November 2009.

(2) The financial information for ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) also contains the results from Central Items, see note 2 on page 9.

(3) See note 2 to pro forma financial information.

Unaudited pro forma Condensed Consolidated Statement of Financial Position ABN AMRO Bank N.V. (ABN AMRO II N.V.) as at 31 December 2008

(amounts in millions of euros)

	ABN AMRO Holding N.V. ⁽¹⁾	ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) ⁽²⁾	Intercompany reclassification ⁽³⁾	ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) Pro Forma Total ⁽⁴⁾
Assets				
Cash and balances at central banks	5,854	5,258		596
Financial assets held for trading	212,653	211,675		978
Financial investments	67,061	52,394		14,667
Loans and receivables - banks	75,566	74,535	6,425	7,456
Loans and receivables - customers	270,507	120,104		150,403
Other assets	35,176	25,737		9,439
Total assets	666,817	489,703	6,425	183,539
Liabilities				
Financial liabilities held for trading	192,087	191,750		337
Due to banks	94,620	100,315	6,425	730
Due to customers	209,004	87,042		121,962
Issued debt securities	111,296	80,122		31,174
Other liabilities	29,138	12,773		16,365
Liabilities (excluding subordinated liabilities)	636,145	472,002	6,425	170,568
Subordinated liabilities	13,549	7,622		5,927
Total liabilities	649,694	479,624	6,425	176,495
Equity				
Equity attributable to shareholders	17,077	10,038		7,039
Equity attributable to minority interests	46	41		5
Total equity	17,123	10,079		7,044
Total equity and liabilities	666,817	489,703	6,425	183,539

- (1) The financial information for ABN AMRO Holding N.V. has been extracted from the audited financial statements for the year ended 31 December 2008.
- (2) The financial information for ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) also contains Central Items, see note 2 on page 9.
- (3) This column removes the effect of reclassification of balances between ABN AMRO Bank N.V. and ABN AMRO Holding N.V. that were intercompany transactions before the legal demerger. The reclassification is performed to show ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) as if it were a standalone legal entity.
- (4) See note 2 to pro forma financial information.

Unaudited pro forma Condensed Consolidated Income Statement ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) for the year ended 31 December 2008

(amounts in millions of euros)

	ABN AMRO Holding N.V. ⁽¹⁾	ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) ⁽²⁾	ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.) Pro Forma Total ⁽³⁾
Net interest income	5,783	2,560	3,223
Net fee and commission income	2,629	1,307	1,322
Net trading income	(9,324)	(9,514)	190
Results from financial transactions	(1,684)	(1,865)	181
Share of result in equity accounted investments	106	75	31
Other operating income	306	64	242
Income of consolidated private equity holdings	1,726	1,726	-
Operating income	(458)	(5,647)	5,189
Operating expenses	11,629	7,843	3,786
Loan impairment and other credit risk provisions	3,387	2,611	776
Total expenses	15,016	10,454	4,562
Operating profit/(loss) before tax	(15,474)	(16,101)	627
Tax	(2,580)	(2,736)	156
Profit/(loss) from continuing operations	(12,894)	(13,365)	471
Profit from discontinued operations net of tax	16,489	13,424	3,065
Profit for the year	3,595	59	3,536
Attributable to:			
Shareholders	3,580	50	3,530
Minority interests	15	9	6

- (1) The financial information for ABN AMRO Holding N.V. has been extracted from the audited financial statements for the year ended 31 December 2008.
- (2) The financial information for ABN AMRO Holding N.V. (to be renamed RBS Holdings N.V. and including RBS N.V.) also contains the results of Central Items, see note 2 on page 9.
- (3) See note 2 to pro forma financial information.

Notes to pro forma financial information for ABN AMRO Bank N.V. (formerly ABN AMRO II N.V.)

1 Basis of preparation

The financial information of ABN AMRO Bank N.V. as at 30 September 2009 and 31 December 2008 has been based on IFRS and IFRS as adopted by the European Union. The pro forma financial information does not include events subsequent to 30 September 2009.

The pro forma financial information has been prepared on the following basis:

- The pro forma condensed consolidated statement of financial position of ABN AMRO Bank N.V. at 30 September 2009 and 31 December 2008 is presented to show the effect of the legal demerger of ABN AMRO Bank N.V. and is based upon the respective consolidated balance sheets at 30 September 2009 and 31 December 2008 of ABN AMRO Holding N.V. as if the proposed transaction had occurred on 30 September 2009 and 31 December 2008.
- The pro forma condensed consolidated income statement of ABN AMRO Bank N.V. for the nine months ended 30 September 2009 and the year ended 31 December 2008 is presented to show the effect of the legal demerger of ABN AMRO Bank N.V. and is based upon the respective consolidated income statements for the nine months ended 30 September 2009 and the year ended 31 December 2008 of ABN AMRO Holding N.V. as if the proposed transaction had occurred on 30 September 2009 and 31 December 2008.
- The pro forma condensed consolidated statement of financial position at 30 September 2009 and 31 December 2009 for ABN AMRO Holding N.V. does not include residual assets left behind after the legal demerger (see note 2 for information on assets to be transferred after the demerger). Consequently the pro forma information for ABN AMRO Bank N.V. includes these residual assets.

2 Assets and liabilities to be transferred after demerger

A number of assets and liabilities included in some Private Clients and International Diamonds & Jewellery Group businesses in branches and subsidiaries of the current ABN AMRO Bank N.V. are not part of the demerger. These assets and liabilities are part of the Dutch State acquired businesses and will be transferred to ABN AMRO Bank N.V. as soon as possible after the effective date of the demerger, when all required technical and regulatory separation activities are completed and approvals have been obtained.

At the date of legal demerger, EUR 4.2 billion of EUR 203.0 billion of assets and EUR 4.1 billion of EUR 196.1 billion of liabilities, which are included the pro forma financial information of ABN AMRO Bank N.V. at 30 September 2009 remain in ABN AMRO Holding N.V. The remaining assets are adequately funded and capitalised until they are transferred. The majority of these assets will transfer during the interim period between legal demerger and legal separation once the necessary consents have been obtained.

It is expected that at the date of legal separation, EUR 0.6 billion of these EUR 4.2 billion of assets will remain in ABN AMRO Holding N.V. and will be transferred as soon as possible after legal separation. The remaining assets are adequately funded and capitalised until their transfer after legal separation.

The assets and liabilities that will be transferred at a later stage are presented as part of ABN AMRO Bank N.V. in the pro forma income statement and statement of financial position as they are not significant.

3 Accounting policies

The same accounting policies and methods of computation are followed in the pro forma financial information as were applied in the preparation of the ABN AMRO Holding N.V. financial statements for the year ended 31 December 2008, except for the impact for the adoption of IAS 1 (revised 2007) Presentation of Financial Statements as disclosed in the Condensed Consolidated Financial Statements for the six months period ended 30 June 2009. Please refer to pages 99 to 118 of ABN AMRO Holding N.V.'s 2008 Annual Report for a description of the accounting policies.

4 Cross liability

Under article 2:334t of the Dutch Civil Code ABN AMRO Bank N.V., after legal demerger, remains liable to the creditors of RBS N.V. that remain in RBS N.V., in the event that RBS N.V. can not meet its obligations with those creditors.

The liability relates only to obligations existing as at date of legal demerger. The liability will cease to exist upon expiration of the obligations. ABN AMRO Bank N.V.'s liability to creditors is limited to the amount of equity acquired at legal demerger, which amounts to approximately EUR 1.8 billion.

ABN AMRO Bank N.V. will put in place arrangements to mitigate the risks of the liability to the creditors which remain with RBS N.V. by legal separation. ABN AMRO Bank N.V. will after legal separation hold the regulatory capital agreed with the Dutch Central Bank for any residual risks.

Similarly under Article 2:334t of the Dutch Civil Code, New HBU II N.V. is under certain circumstances liable to the creditors of RBS N.V. following the demerger from RBS N.V. to new HBU II N.V. on 7 August 2008. This liability amounts to approximately EUR 0.9 billion at 30 September 2009.