



## ABN AMRO Bank N.V.

*(incorporated in The Netherlands with its statutory seat in Amsterdam and registered in the Commercial Register of the Amsterdam Chamber of Commerce under number 34334259)*

### US\$25,000,000,000 Program for the Issuance of Senior/Subordinated Medium Term Notes

Under this Debt Issuance Program (the “**Program**”), US Senior Medium Term Notes (the “**Senior Notes**”) and Subordinated Medium Term Notes (the “**Subordinated Notes**”), and the Senior Notes together with the Subordinated Notes herein collectively referred to as the “**Notes**”) are being offered on a continuous basis by ABN AMRO Bank N.V. (“**ABN AMRO Bank**” or the “**Issuer**”) from time to time through one or more of the agents appointed by the Issuer from time to time (for so long as each shall so remain, an “**Agent**” and, collectively, the “**Agents**”). The aggregate principal amount of Notes outstanding at any one time may not exceed US\$25,000,000,000 (or its equivalent based upon the applicable exchange rate at the time of issuance, if any Notes are denominated in one or more non-US currencies or currency units), subject to increase as described in this base prospectus (the “**Base Prospectus**”). The Senior Notes will be unsecured and unsubordinated obligations and will rank pari passu without any preference among themselves and with all other present and future unsecured and unsubordinated obligations, save for those preferred by mandatory and/or overriding provisions of law. The Subordinated Notes will constitute unsecured obligations of the Issuer and will rank pari passu without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer (other than those subordinated obligations expressed by their terms to rank lower than the Subordinated Notes), save for those preferred by mandatory and/or overriding provisions of law. The Agents have agreed to use reasonable best efforts to solicit purchasers of such Notes. The Issuer may sell Notes to an Agent acting as principal for its own account for resale to investors and other purchasers. The Issuer has also reserved the right to sell, and may solicit and accept offers to purchase, Notes directly on its own behalf. The terms of each particular issue of Notes will be established by the Issuer and specified in the applicable Pricing Term Sheet and/or Final Terms (each as defined in “**Important Information**”). The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities law, and are being offered and sold, (A) to “qualified institutional buyers” (“**QIBs**”) as defined in Rule 144A under the Securities Act (“**Rule 144A**”) in reliance upon the exemption provided by Section 4(a)(2) of the Securities Act and (B) outside the United States to certain persons in reliance upon Regulation S under the Securities Act (“**Regulation S**”). Prospective purchasers are hereby notified that the seller of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Issuer reserves the right to withdraw, cancel or modify the offer made hereby without notice. The Issuer or the Agents may reject any offer to purchase Notes, in whole or in part. See “**Plan of Distribution**”.

Application has been made to Euronext Amsterdam N.V. for certain Notes issued under the Program for the period of 12 months from the date of this Base Prospectus to be admitted to listing and trading on NYSE Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V. (“**Euronext in Amsterdam**”). In addition, Notes issued under the Program may be listed or admitted to trading, as the case may be, on any other stock exchange or market specified in the applicable Pricing Term Sheet and/or Final Terms. The Issuer may also issue unlisted Notes under the Program.

**Prospective investors should carefully consider the risks described under the section headed “Risk Factors” beginning on page 13 of this Base Prospectus prior to making an investment decision with respect to the Notes.**

**EACH INITIAL AND SUBSEQUENT PURCHASER OF THE NOTES OFFERED HEREBY IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS AS SET FORTH IN THIS BASE PROSPECTUS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF NOTES AND MAY IN CERTAIN CIRCUMSTANCES BE REQUIRED TO PROVIDE CONFIRMATION OF COMPLIANCE WITH SUCH RESALE OR TRANSFER RESTRICTIONS DESCRIBED IN “NOTICE TO PURCHASERS” AND “PLAN OF DISTRIBUTION”.**

The Notes will be issued in registered, book-entry form only and will be eligible for clearance through the facilities of The Depository Trust Company (“**DTC**”) and its direct and indirect participants, including Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) or directly through Euroclear and Clearstream, Luxembourg.

Notes issued under this Program may be rated or unrated. Where an issue of Notes is rated, its rating may not necessarily be the same as the rating applicable to this Program. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the “**CRA Regulation**”) unless the rating is provided by a credit rating agency operating in the European Community before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. Each of Moody’s Investors Service, Limited (“**Moody’s**”), Standard & Poor’s Credit Market Services France SAS, a division of The McGraw-Hill Companies, Inc. (“**S&P**”), Fitch Ratings Ltd. (“**Fitch**”) and DBRS Rating Limited are credit rating agencies established and operating in the European Community prior to 7 June 2010 and have submitted an application for registration in accordance with the CRA Regulation and are registered under the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

**ABN AMRO Bank**

**Morgan Stanley**

**Barclays  
Goldman, Sachs & Co.**

**BofA Merrill Lynch  
J.P. Morgan**

**Citigroup  
RBS**

**Deutsche Bank Securities  
UBS Investment Bank**

**BASE PROSPECTUS DATED 21 MAY 2013**

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## NOTICE TO PURCHASERS

THE ISSUER HAS NOT REGISTERED THE NOTES NOR DOES THE ISSUER INTEND TO, OR HAVE ANY OBLIGATION TO, REGISTER THE NOTES PURSUANT TO THE SECURITIES ACT OR UNDER THE SECURITIES LAWS OF ANY STATE AND THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR ANY STATE SECURITIES AUTHORITY. NEITHER THE COMMISSION NOR ANY STATE SECURITIES AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS OR ANY SUPPLEMENT HERETO. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE NOTES ARE BEING OFFERED AND SOLD TO QIBS IN RELIANCE UPON THE EXEMPTION PROVIDED BY SECTION 4(A)(2) OF THE SECURITIES ACT AND RULE 144A PROMULGATED THEREUNDER AND OUTSIDE THE UNITED STATES TO CERTAIN PERSONS IN RELIANCE ON REGULATION S PROMULGATED UNDER THE SECURITIES ACT.

This Base Prospectus has been prepared by ABN AMRO Bank solely for use in connection with the proposed offering of Notes described in this Base Prospectus. Each initial and subsequent purchaser of a Note or Notes offered hereby in making its purchase will be deemed to have acknowledged, represented and agreed as follows:

1. The Notes have not been and will not be registered under the Securities Act or any other applicable securities law and, accordingly, none of the Notes may be offered, sold, transferred, pledged, encumbered or otherwise disposed of unless either registered pursuant to, or in a transaction exempt from registration under, the Securities Act and any other applicable securities law.
2. It acknowledges that this Base Prospectus has been prepared in accordance with the rules and regulations of Euronext in Amsterdam, the Dutch *Stichting Autoriteit Financiële Markten* (“**AFM**”), the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations (“**Wft**”) and Article 5.4 of Directive 2003/71/EC, as amended or supplemented from time to time (the “**Prospectus Directive**”), which have disclosure requirements that are different from those of the United States. In particular, this Base Prospectus does not include certain statistical disclosures in the form that would be required in offerings registered under the Securities Act.
3. It acknowledges that the financial information included or incorporated by reference in this Base Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS-EU**”), and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States (“**US GAAP**”). In particular, initial and subsequent purchasers acknowledge the disclosures related to ABN AMRO Bank set out in the sections entitled “*Risk Factors*” and “*Presentation of Financial Information*” relating to the financial information included or incorporated by reference in this Base Prospectus.
4. Either (A) it is a QIB and is purchasing for its own account or solely for the account of one or more accounts for which it acts as a fiduciary or agent, each of which account is a QIB, and such purchaser acknowledges that it is aware that the seller may rely upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or (B) it is a purchaser acquiring such Notes in an offshore transaction within the meaning of Regulation S and that it is not a “**US Person**” (as defined in Regulation S) and is not acquiring such Notes for the account or benefit of a US Person.
5. It agrees on its own behalf and on behalf of any institutional account for which it is purchasing Notes, to offer, sell or otherwise transfer such Notes (A) only in minimum principal amounts of US\$200,000 or, in the case of Notes not denominated in US dollars (“**Foreign Currency Notes**”), the equivalent thereof in such foreign currency, rounded down to the nearest 100,000 units of such foreign currency, and integral multiples of US\$1,000 or, in the case of Foreign Currency Notes, 1,000 units of

such foreign currency in excess thereof, provided that in no event the minimum denomination will be lower than EUR 100,000 or the equivalent thereof at the date of issue of the relevant Notes and (B) prior to the date that is one year (or such shorter period of time as permitted by Rule 144(b) under the Securities Act) after the later of (i) the Original Issue Date of such Notes (or any subsequent reopening) and (ii) the last date on which the Issuer thereof or any affiliate of the Issuer was the beneficial owner of such Notes (or any predecessor of such Notes) only (a) pursuant to the exemption from the registration requirements of the Securities Act provided by either Rule 144A or Regulation S, (b) to the Issuer or any of its subsidiaries or an Agent that is a party to the Private Placement Agreement dated 9 November 2010, as amended and restated on 21 May 2013, referred to in this Base Prospectus or (c) pursuant to an exemption from such registration requirements as confirmed in an opinion of counsel satisfactory to the Issuer. It acknowledges that each Note will contain a legend substantially to the effect of the foregoing paragraph 1 and this paragraph 4.

6. It acknowledges that the Registrar referred to herein will register the transfer of any Definitive Note resold or otherwise transferred by such purchaser pursuant to clauses (a) or (c) of the foregoing paragraph 5 only: (A) in the case of a sale or other transfer pursuant to such clause (a), upon receipt from the transferor of a certificate to the effect that the person making such certification is acquiring such Note (or beneficial interest) for its own account or one or more accounts with respect to which it exercises sole investment discretion and that it and each such account is a QIB; (B) in the case of a sale or other transfer pursuant to such clause (c), upon receipt of an opinion of counsel satisfactory to the Issuer.

7. Either (A) it is not (i) an employee benefit plan subject to Title I of the US Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), (ii) a plan subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the “**Code**”), (iii) an entity whose underlying assets include, or are deemed for purposes of ERISA or the code to include “**plan assets**” by reason of such plan investment in the entity, or (iv) a governmental, church or other plan (“**non-ERISA arrangement**”) subject to provisions under applicable federal, state, local or non-US law that are similar to the requirements of section 404 of ERISA or Section 4975 of the Code (“**similar law**”) or (B) its purchase and holding of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 404 of ERISA or 4975 of the Code or, in the case of a non-ERISA arrangement, its purchase and holding of such Notes will not constitute or result in a non-exempt violation of the provisions of any similar law.

8. It acknowledges that the Issuer, any Agents and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and it agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by it in connection with its purchase of Notes are no longer accurate, it shall promptly notify the Issuer and, if applicable, any Agent through which it purchased any Notes. If it is acquiring any Notes as a fiduciary or agent for one or more institutional accounts, it represents that it has sole investment discretion with respect to each such institutional account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such institutional account.

Each person receiving this Base Prospectus and any supplement (including any applicable Pricing Term Sheet and/or the Final Terms, as the case may be) acknowledges that (i) such person has been afforded an opportunity to request from the Issuer and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein, (ii) it has not relied on any Agent or any person affiliated with any Agent in connection with its investigation of the accuracy and completeness of such information or its investment decision and (iii) no person has been authorized to give any information or to make any representation concerning the Issuer or the Notes offered hereby other than those contained herein or incorporated by reference and, if given or made, such other information or representation should not be relied upon as having been authorized by the Issuer or any Agent.

By accepting delivery of this Base Prospectus, each person receiving it agrees not to make any photocopies of this Base Prospectus or any documents referred to herein and not to use any information herein for any purpose other than considering an investment in the Notes.

This Base Prospectus and any Pricing Term Sheet and/or Final Terms (each as defined in “*Overview - The Program and Terms and Conditions of the Notes*”), as the case may be, do not constitute, and are not being used by the Issuer, any Agent or any affiliate and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Base Prospectus or any Pricing Term Sheet and/or Final Terms, as the case may be, in any jurisdiction where such action is required.

Notwithstanding anything to the contrary contained herein, a holder (and each employee, representative, or other agent of a Noteholder) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this Base Prospectus and all materials of any kind that are provided to the holder relating to such tax treatment and tax structure (as such terms are defined in Treasury Regulation section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions with holders regarding the transaction contemplated herein.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421 B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENCED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421 B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

## OVERVIEW

*This overview must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference herein. Due to the complex nature of ABN AMRO's recent corporate history, selected definitions are used throughout this Overview (see "Definitions" on page 316 for a concise overview of the definitions used throughout this Base Prospectus).*

### **The Bank**

ABN AMRO is a full-service bank, supporting retail, private banking, commercial and merchant banking clients in the Netherlands and selectively abroad. ABN AMRO is also internationally active in a number of specialized activities such as Energy, Commodities & Transportation ("ETC") and Clearing, private banking and asset based lending in a select number of countries.

### **History and recent developments**

The formation of ABN AMRO is the result of various legal and operational separation and integration activities arising from the acquisition of ABN AMRO Holding N.V. by the Consortium in October 2007. In October 2008, the Dutch State acquired Fortis Bank Nederland (Holding) N.V. ("FBN"). In December 2008, the Dutch State directly acquired FBN's interest in RFS Holdings B.V. This interest comprised Dutch commercial clients (small and medium enterprises ("SMEs") and corporates), Dutch consumer clients and Dutch and international private clients (including the international diamonds and jewellery business) of the Former ABN AMRO Group.

As a result of the Legal Demerger and Legal Separation, ABN AMRO Bank was formally separated from the Former ABN AMRO Group and transferred to ABN AMRO Group N.V. by 1 April 2010. Effective 1 July 2010, FBN and ABN AMRO Bank merged to form the new ABN AMRO Bank N.V., a wholly-owned subsidiary of ABN AMRO Group N.V.

ABN AMRO's goal is to bring its cost/income ratio between 56 and 60% by 2017, including the additional costs of new regulations, government measures and taxation.

### *EC Remedy*

On 1 April 2010, ABN AMRO completed the sale of the EC Remedy Businesses to Deutsche Bank. This sale was a prerequisite set by the European Commission for the integration of the Dutch State acquired businesses and FBN into the new ABN AMRO Bank. The operational separation of the EC Remedy Businesses was finalized in 2012. The sale of the EC Remedy Businesses to Deutsche Bank included a financial guarantee that covered part of the potential credit losses on the portfolio existing at the time of the closing of the transaction (the "**Credit Umbrella**") and a cross liability with New HBU II N.V. In 2012, the liability positions related to the Credit Umbrella were settled.

### *State Ownership and the role of NLFI*

The Dutch State announced that, in relation to ABN AMRO, the exit of its ownership is not expected before 2014. The Dutch State keeps all options open for a return to the private market

for ABN AMRO, but has indicated it favours an Initial Public Offering (“IPO”). In the fall of 2012, the Dutch Minister of Finance has stated that the NFLI has been asked to deliver an update on the exit strategy of ABN AMRO. As of the date hereof, that update has not yet been published. As of the date of this Base Prospectus, NL Financial Investments (“NLFI”) is the sole shareholder of ABN AMRO.

## Figures at a glance

The reported figures have been impacted by several items which are related to the demerger of ABN AMRO Bank from RBS N.V., the separation of FBN from Fortis Bank SA/NV and the integration of ABN AMRO Bank and FBN. For a better understanding of underlying trends, the results of operations of ABN AMRO have been adjusted for these items where indicated. Reconciliation of the reported and underlying results is presented where relevant.

In 2012, ABN AMRO generated reported net profit of EUR 948 million (2011: reported net profit of EUR 689 million), assets under management of EUR 163.1 billion (as at 31 December 2011: EUR 146.6 billion), total assets of EUR 394.4 billion (as at 31 December 2011: EUR 404.7 billion), risk weighted assets of EUR 121.5 billion (as at 31 December 2011: EUR 118.3 billion) and a tier 1 ratio of 12.9% (as at 31 December 2011: 13.0%).

In 2012, ABN AMRO generated underlying net profit of EUR 1,285 million (as at 31 December 2011: underlying net profit of EUR 960 million) and had an underlying cost/income ratio of 61% which includes the new bank tax (as at 31 December 2011: 64% underlying).

## Selected Consolidated financial information

	Year ended 31 December					
	2012			2011		
	(Reported)	(Reconciling items)	(Underlying)	(Reported)	(Reconciling items)	(Underlying)
<i>(in millions of euros)</i>						
Net interest income .....	5,028	-	5,028	4,998	-	4,998
Net fee and commission income ..	1,556	-	1,556	1,811	-	1,811
Other non-interest income.....	754	-	754	985	-	985
Operating income.....	7,338	-	7,338	7,794	-	7,794
Operating expenses .....	4,959	450	4,509	5,357	362	4,995
Impairment charges on loans and other receivables .....	1,228	-	1,228	1,757	-	1,757
Profit/(loss) before tax .....	1,151	(450)	1,601	680	(362)	1,042
Income tax (expense)/credit .....	203	(113)	316	(9)	(91)	82
<b>Profit/(loss) for the period.....</b>	<b>948</b>	<b>(337)</b>	<b>1,285</b>	<b>689</b>	<b>(271)</b>	<b>960</b>

	Year ended 31 December	
	2012	2011
Underlying cost/income ratio.....	61%	64%
Return on average Equity (IFRS-EU).....	10.0%	7.8%
Return on average RWA (in bps).	103	85

	As at 31 December	
	2012	2011
RWA/Total assets .....	31%	29%

Assets under Management (in EUR billion).....	163.1	146.6
Risk-weighted assets (in EUR billion) .....	121.5	118.3
FTEs.....	23,059	24,225

## The Program and Terms and Conditions of the Notes

**Issuer:** ABN AMRO Bank N.V.

**Risk Factors:** There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes and certain other risks related to the Notes issued under the Programme. These factors and risks include risks relating to the Issuer (see “*Risk Factors—Risks relating to the Issuer's Business and Industry*”) and factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme (see “*Risk Factors—Factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Program*”). These are set out under “*Risk Factors*” below and include 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 and foreign exchange rates and operational, credit, market, liquidity and legal risks.

**Program Description:** Debt Issuance Program for the issuance of Senior Medium Term Notes and Subordinated Medium Term Notes.

**Arrangers:** ABN AMRO Bank and Morgan Stanley & Co. LLC.

**Agents:** ABN AMRO Bank (outside US only), Morgan Stanley & Co. LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBS Securities Inc. and UBS Securities LLC.

**Fiscal Agent and Transfer Agent** The Bank of New York Mellon, London Branch.

**US Paying Agent and US Registrar** The Bank of New York Mellon, New York.

**European Paying Agent and European Registrar** The Bank of New York Mellon (Luxembourg) S.A.

**Trustee:** None.



<b>Size:</b>	The aggregate principal amount (or, in the case of Notes issued at a discount from the principal amount, the aggregate initial offering price) of Notes outstanding at any time shall not exceed US\$25,000,000,000 or the approximate equivalent thereof in another currency calculated as at the issue date of the relevant Notes.
<b>Distribution:</b>	The Issuer is offering the Notes from time to time to or through the Agents. The Issuer may also sell Notes to the Agents acting as principals for resale to QIBs and to certain persons that are not US Persons (as defined in Regulation S) and may sell Notes directly on its own behalf. See “ <i>Notice to Purchasers</i> ” and “ <i>Plan of Distribution</i> ”. The method of distribution of each Tranche will be stated in the applicable Final Terms and/or Pricing Term Sheet.
<b>Currencies:</b>	Notes will be denominated in US dollars unless otherwise specified in the applicable Final Terms. Subject to any applicable legal or regulatory restrictions, the Issuer may also issue Notes denominated in such currencies as may be agreed between the Issuer and the relevant Agent (if any), including, without limitation, Australian dollars, Canadian dollars, Euro, Hong Kong dollars, New Zealand dollars, Sterling, Swiss francs and Japanese yen. See “ <i>Special Provisions Relating to Foreign Currency Notes</i> ”.
<b>Maturities:</b>	Any maturity, subject to applicable laws, regulations and restrictions and subject, in the case of Senior Notes, to a minimum maturity of one month.
<b>Issue Price:</b>	Notes may be issued at any issue price which is at par or at a discount to, or premium over, par.
<b>Use of Proceeds:</b>	The net proceeds from each issuance of Senior Notes will be used for the general corporate purposes of ABN AMRO. The net proceeds from each issuance of Subordinated Notes will be used to strengthen or replace the capital base of ABN AMRO and/or to support the continuing growth of its business. If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, together with the expenses of the issuance (if applicable).
<b>Issuance in Series:</b>	Notes will be consecutively numbered and issued in series (each a “ <b>Series</b> ”). Each Series may comprise one or more tranches (“ <b>Tranches</b> ” and each a “ <b>Tranche</b> ”) issued on different dates. The Notes of each Series will all be subject to identical terms, whether as to currency, interest, maturity or otherwise, or terms which are identical except that the issue dates, the amount of the first payment of interest and/or the denomination thereof may be different. The Notes of each Tranche will all be subject to

identical terms in all respects except that a Tranche may comprise Notes of different denominations.

**Form of Notes and Clearance:**

The Notes may be offered (i) within the United States to QIBs in reliance on the exemption provided by Section 4(a)(2) of the Securities Act or Rule 144A only, (ii) outside the United States to non-US Persons in offshore transactions in reliance on Regulation S only or (iii) simultaneously within the United States to QIBs in reliance on the exemption provided by Section 4(a)(2) of the Securities Act or Rule 144A and outside the United States to non-US Persons in offshore transactions in reliance on Regulation S as part of a global offering.

Depending on where the relevant Notes are offered, the Notes will clear through one or more of DTC, Euroclear and Clearstream, Luxembourg or any successor thereto. Notes sold pursuant to an offering under the Program will be issued in global registered form (each, a “**Global Certificate**”). Notes sold pursuant to an offering made within the United States only will be issued in global registered form and will clear through DTC. Such Notes will be represented by one or more Global Certificates deposited with the US Registrar as custodian for, and registered in the name of a nominee of, DTC (each, a “**Rule 144A Global Certificate**”). Notes represented by DTC Global Certificates will trade in DTC’s Same-Day Funds Settlement System and secondary market trading activity in such Notes will therefore settle in immediately available funds. Except as described below, Notes sold pursuant to an offering made outside the United States only will be issued in global registered form and may clear through one or more of Euroclear and Clearstream, Luxembourg. Such Notes will be represented by one or more Global Certificates (each, a “**Euro Regulation S Global Certificate**”), (i) delivered, where such Euro Regulation S Global Certificate is held under the New Safekeeping Structure (“**NSS**”), with a Common Safekeeper for Euroclear and Clearstream, Luxembourg, and registered in the name of, or the name of a nominee of, the Common Safekeeper or (ii) deposited, where such Euro Regulation S Global Certificate is not held under the NSS, with a common depository for, and registered in the name of, or the name of a nominee of the common depository of, Euroclear or Clearstream, Luxembourg, as the case may be or such other clearing system as may be identified in the applicable Final Terms and/or Pricing Term Sheet. Notes sold pursuant to an offering made in and outside the United States simultaneously as part of a global offering will be issued in global registered form and may (i) in the case of Notes not held under the NSS, clear through one or more of DTC, Euroclear and Clearstream, Luxembourg, or (ii) in the case of Notes held under the NSS, clear through either Euroclear or Clearstream, Luxembourg, as specified in the applicable Pricing

Term Sheet and/or Final Terms. Such Notes may be represented either (i) solely by one or more Rule 144A Global Certificates registered in respect of Notes sold in the United States and one or more Global Certificates deposited with the US Registrar as custodian for, and registered in the name of a nominee of, DTC, registered in respect of Notes sold outside the United States (each, a “**DTC Regulation S Global Certificate**”, and, together with any Rule 144A Global Certificate, each a “**DTC Global Certificate**”, such arrangement referred to herein as a “**Single Global Note Issue**”) or (ii) alternatively, by one or more Rule 144A Global Certificates so deposited and registered in respect of Notes sold in the United States, and a separate Euro Regulation S Global Certificate (a) delivered, where such Euro Regulation S Global Certificate is held under the NSS, with a Common Safekeeper for Euroclear and Clearstream, Luxembourg, and registered in the name of, or the name of a nominee of, the Common Safekeeper or (b) deposited, where such Euro Regulation S Global Certificate is not held under the NSS, with a common depository for, and registered in the name of, or the name of a nominee of, Euroclear or Clearstream, Luxembourg, as the case may be, in respect of Notes sold outside the United States. Such arrangement is referred to herein as a “**Dual Global Note Issue**”.

Ownership of beneficial interests in Global Certificates will be evidenced only by, and transfers thereof will be effected only through, records maintained by the relevant clearing system through which such interests are held and its direct and indirect participants. Owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of Notes in individual definitive certificated registered form except in certain limited circumstances, including closure of the relevant clearing system(s). Any interests in a Global Certificate will be transferable only in accordance with the rules and procedures for the time being as in effect from time to time of DTC, Euroclear and/or Clearstream, Luxembourg or such other applicable clearing system as the case may be.

**Fixed Rate Notes:**

Fixed interest will be payable in arrears on the date or dates specified in the applicable Final Terms and/or Pricing Term Sheet and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and any relevant Agent (as indicated in the applicable Final Terms and/or Pricing Term Sheet).

**Floating Rate Notes:**

Floating Rate Notes will bear interest either (a) at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in US dollars or, if in any currency other than US dollars (the “**Specified Currency**”) the relevant

Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Agent (as indicated in the applicable Final Terms and/or Pricing Term Sheet).

The Margin (if any) relating to such floating rate will be specified in the applicable Final Terms and/or Pricing Term Sheet.

**Other provisions in relation to Floating Rate Notes:**

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and any relevant Agent (if any), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Agent (if any) (as indicated in the applicable Final Terms and/or Pricing Term Sheet).

**Zero Coupon Notes:**

Senior Notes specified to be Zero Coupon Notes will be offered and sold at a discount to their nominal amount or at par and will not bear interest other than in the case of late payment as may be specified in the applicable Final Terms and/or Pricing Term Sheet.

**Redemption:**

The applicable Final Terms and/or Pricing Term Sheet will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified installments (see below), if applicable, or for taxation reasons or following an Event of Default or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms and/or Pricing Term Sheet) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms and/or Pricing Term Sheet.

**Regulatory Call Option in respect of Subordinated Notes**

The applicable Final Terms and/or Pricing Term Sheet in respect of Subordinated Notes will indicate whether such Notes will be redeemable at the option of the Issuer at the amount and on the

date(s) specified in the applicable Final Terms and/or Pricing Term Sheet subject to (i) Dutch Central Bank (*De Nederlandsche Bank N.V.*) (“**DNB**”) being satisfied that such disqualification as Tier 2 capital was not reasonably foreseeable at the Issue Date and (ii) the prior consent of DNB provided that at the relevant time such consent is required, and upon giving not less than 30 nor more than 60 days' irrevocable notice, in the event that the whole or at least the minimum percentage of the outstanding nominal amount of the Notes, as specified in the applicable Final Terms and/or Pricing Term Sheet, is fully excluded from qualification as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the Issue Date of the Notes) or DNB or other relevant authority has determined that the whole or at least the minimum percentage of the outstanding nominal amount of the Notes, as specified in the applicable Final Terms and/or Pricing Term Sheet, is fully excluded from qualifying as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the Issue Date of the Notes) (a "**Regulatory Event**").

The applicable Final Terms and/or Pricing Term Sheet may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as indicated in it.

**Denomination of Notes:**

The Notes will be issued in minimum denominations of US\$200,000 or, in the case of Foreign Currency Notes, the equivalent thereof in such foreign currency, rounded down to the nearest 100,000 units of such foreign currency, and integral multiples of US\$1,000 or, in the case of Foreign Currency Notes, 1,000 units of such foreign currency in excess thereof, provided that in no event the minimum denomination will be lower than EUR 100,000 or the equivalent thereof at the date of issue of the relevant Notes.

See “*Special Provisions Relating to Foreign Currency Notes*” for additional information regarding Foreign Currency Notes.

**Payments:**

Except as otherwise set forth in the applicable Pricing Term Sheet and/or Final Terms, the Issuer will be obligated to make payments of principal and premium, if any, and interest on the Notes in the currency in which such Notes are denominated. Except as otherwise set forth herein or in the applicable Pricing Term Sheet and/or Final Terms, any such amounts to be paid by the Issuer in respect of DTC Global Certificates denominated in currencies other than in US Dollars will, unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, or unless the holder of a Foreign Currency Note elects to receive payments in the Specified Currency, be converted into US Dollars for payment

to the holders thereof, in each case as described under Condition 6.

**Taxation:**

As specified in the applicable Final Terms and/or Pricing Term Sheet, payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in the Netherlands, unless such withholding or deduction is required by law. In that event, the Issuer will either (i) not pay any additional amounts or (ii) pay such additional amounts as will be necessary in order that the net amounts received by holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes as the case may be, in the absence of such withholding or deduction, all as provided in Condition 7.

**Negative Pledge:**

None.

**Cross Default:**

None.

**Status of the Senior Notes:**

The Senior Notes will constitute unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory and/or overriding provisions of law.

**Status and Subordination  
Terms of the Subordinated  
Notes:**

The Subordinated Notes will constitute unsecured subordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer (other than those subordinated obligations expressed by their terms to rank lower than the Subordinated Notes), save for those preferred by mandatory and/or overriding provisions of law.

The claims of the holders of the Subordinated Notes of each Series (the “**Subordinated Noteholders**”) against the Issuer will:

- (i) in the event of the liquidation or bankruptcy of the Issuer;  
or
- (ii) in the event that a competent court has declared that the Issuer is in a situation which requires special measures (*noodregeling*) in the interests of all creditors, as referred to in Chapter 3.5.5 of the Wft, and for so long as such situation is in force (such situation being hereinafter referred to as a “**Moratorium**”),

be subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms to

rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other unsubordinated claims.

By virtue of such subordination, payments to a Subordinated Noteholder will, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after, and any set-off by a Subordinated Noteholder shall be excluded until, all obligations of the Issuer resulting from higher-ranking deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied.

Events of Default of Subordinated Notes are restricted to bankruptcy and liquidation and repayment following an Event of Default may be subject to the prior consent of DNB.

Subordinated Notes may qualify as Tier 2 capital ("**Tier 2 Notes**") for the purposes of the regulatory capital rules applicable to the Issuer from time to time.

Variation or Substitution of the Subordinated Notes will be as specified in the applicable Final Terms and/or Pricing Term Sheet.

If the applicable Final Terms and/or Pricing Term Sheet indicate that the Subordinated Notes will be subject to Variation or Substitution and if a CRD IV Capital Event or a Regulatory Event has occurred and is continuing, then the Issuer may, subject to the prior written consent of DNB provided that at the relevant time such consent is required (but without any requirement for the consent or approval of the Subordinated Noteholders) and having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable), either substitute all, but not some only, of the Subordinated Notes or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time, provided that such variation or substitution shall not result in terms that are materially less favourable to the Subordinated Noteholders and that the resulting securities must have at least, inter alia, the same ranking, interest rate, maturity date, redemption rights, existing rights to accrued interest which has not been paid and assigned the same ratings as the Subordinated Notes.

A "**CRD IV Capital Event**" is deemed to have occurred if the whole of the outstanding nominal amount of Notes can no longer be included in full in the Tier 2 capital of the Issuer by reason of their non-compliance with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time.

## Statutory Loss Absorption

Subordinated Notes may become subject to the determination by the Relevant Authority or the Issuer (following instructions from the Relevant Authority) that all or part of the nominal amount of the Subordinated Notes, including accrued but unpaid interest in respect thereof, must be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, all as prescribed by CMD ("**Statutory Loss Absorption**"). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Subordinated Notes subject to Statutory Loss Absorption shall be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, as prescribed by CMD, (ii) such Statutory Loss Absorption shall not constitute an Event of Default and (iii) the Subordinated Noteholders will have no further claims in respect of the amount so written off or subject to conversion or otherwise as a result such Statutory Loss Absorption.

The Subordinated Notes will not be subject to Statutory Loss Absorption if and to the extent the CMD is not deemed to apply retrospectively with respect to such Statutory Loss Absorption.

"**Relevant Authority**" means DNB or other regulatory authority or governmental body having the power to impose Statutory Loss Absorption on the Subordinated Notes pursuant to CMD; and

"**CMD**" means any relevant laws and regulations applicable to the Issuer at the relevant time pursuant to, or which implement, or are enacted within the context of, a directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, a first draft of which was published on 6 June 2012, or such other resolution or recovery rules which may from time to time be applicable to the Issuer (including CRD IV).

### **Listing and admission to trading:**

Application has been made to Euronext Amsterdam N.V. for the Notes to be issued under the Program to be admitted to trading and listed on Euronext in Amsterdam. The Notes may also be listed on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Agent (if any) in relation to each issue. Unlisted Notes may also be issued. The applicable Final Terms and/or Pricing Term Sheet will state whether or not the Notes are to be listed or admitted to trading, as the case may be, and, if so, on which exchanges and/or markets.

### **Substitution of the Issuer:**

As specified in the applicable Pricing Term Sheet and/or Final Terms, the Issuer may, if certain conditions have been fulfilled, with the consent of the Noteholders which will be deemed to have



been given in respect of each issue of Notes on which no payment of principal of or interest on any of the Notes is in default and, in respect of any Subordinated Notes only, after written approval of DNB, be replaced and substituted by any directly or indirectly wholly-owned subsidiary of the Issuer (the “**Substituted Debtor**”) as principal debtor in respect of the Notes.

**Governing Law:**

The Senior Notes and the Senior Note Agency Agreement shall be governed by, and shall be construed and interpreted in accordance with, the laws of the State of New York, except that the ranking of the Senior Notes shall be construed and interpreted in accordance with the laws of the Netherlands.

The Subordinated Notes and the Subordinated Note Agency Agreement shall be governed by, and shall be construed and interpreted in accordance with, the laws of the Netherlands.

**Selling Restrictions:**

The Notes may be offered (i) in the United States only, (ii) outside the United States only or (iii) in and outside the United States simultaneously as part of a global offering and, in each case, the offering and distribution of the Notes will be subject to certain restrictions. In particular, restrictions on the offering and distribution of the Notes and this Base Prospectus will apply to sales made in certain other countries, including the United States, the EEA, the United Kingdom, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “*Plan of Distribution*”.

## **RISK FACTORS**

*An investment in the Notes is subject to a number of risks. Before making an investment decision with respect to any Notes, prospective investors should form their own opinions, consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.*

*The materialization of the risks described below could have a material adverse effect on the Issuer's future business, operating results or financial condition. Additional risks not currently known to the Issuer or that the Issuer now views as immaterial may also have a material adverse effect on the Issuer's future business, operating results on financial condition and affect an investment in Notes issued under the Program. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

*Words and expressions defined in the sections headed "The Issuer", "Book Entry, Delivery, Form and Settlement", "Terms and Conditions of the Senior Notes" and "Terms and Conditions of the Subordinated Notes" below shall have the same meaning in this section, except "The Issuer" which in this section throughout is used as a reference to ABN AMRO Bank and its consolidated subsidiaries and the other group companies (including ABN AMRO Group N.V.).*

### **Risks relating to the Issuer's business and industry**

#### ***1. Conditions in the global financial markets and economy may materially adversely affect the Issuer's business financial position, results of operations and prospects.***

The outlook for the global economy over the near to medium term remains challenging. Results of operations in the past have been, and in the future may continue to be, materially affected by many factors of a global nature, including political, economic and market conditions; changes in consumer spending; investment and saving habits; monetary and interest rate policies of the European Central Bank ("ECB") and G7 central banks; the availability and cost of capital; the liquidity of global markets; the level and volatility of equity prices, commodity prices and interest rates; currency values and other market indices; technological changes and events; the availability and cost of credit; inflation or deflation; the stability and solvency of states, financial institutions and other companies; natural disasters; acts of war or terrorism; investor sentiment and confidence in the financial markets; or a combination of these or other factors.

A revival of financial market tensions related to euro zone sovereign debt concerns may lead to renewed stress in sovereign and bank funding markets. Market conditions remain vulnerable and significant risks remain. As a result, there is a possibility that the Issuer may have insufficient access to, or incur higher costs associated with, funding alternatives, which could have a material adverse effect on the Issuer's business, financial position, results of operations and prospects. In addition, economic conditions remain challenging. The economy is therefore particularly vulnerable to a renewed rise in financial market tensions or a surge in oil prices, commodities, or new economic shocks, which could lead to a more severe economic downturn.

Any of the above factors may materially adversely affect the Issuer's business, financial position, results of operations and prospects.

***2. Volatility in, and the position of, financial markets, liquidity disruptions or market dislocations can adversely affect the Issuer's banking and funding activities.***

The securities and other financial markets can experience sustained periods of high volatility, unpredictable market movements, severe market dislocations and illiquidity or other liquidity disruptions. These market conditions can cause a reduction in the value of assets held by the Issuer, a decline in the profitability of certain assets, an increase in unrealized losses in the Issuer's various (asset) portfolios, a reduction in unrealized gains in the Issuer's various (asset) portfolios or in the demand for some of the Issuer's banking services and products and may impede the Issuer's access to funding on the capital markets. In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale, which may further exacerbate such rapid decreases in asset values or liquidity disruptions.

Since the start of the financial crisis in 2007, both the debt and the equity securities markets have been very volatile. Under these extreme conditions, funding transactions, as well as hedging and other risk management strategies may not be as effective at mitigating trading risks as they would be under more normal market conditions. There is no assurance that such volatility will not result in a prolonged market decline, or such market declines for other reasons will not occur in the future.

Market conditions, and periods of high volatility can occur not only as a result of purely economic factors, but also as a result of war, acts of terrorism, natural disasters or other similar events outside the Issuer's control.

Severe market events have historically been proven to be difficult to predict, and could lead to the Issuer realizing significant losses if extreme market events were to persist for an extended period of time. Therefore market volatility, liquidity disruptions, or dislocations could have a material adverse effect on the Issuer's business, financial position and results of operations.

***3. Changes in interest rates and foreign exchange rates may adversely affect the Issuer's business, financial position, results of operations and cash flows.***

Fluctuations in interest rates and foreign exchange rates influence the Issuer's performance. The results of the Issuer's banking operations are affected by the Issuer's management of interest rate and foreign exchange rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. If the yield on the Issuer's interest-earning assets does not increase at the same time or to the same extent as its cost of funds, or if its cost of funds does not decline at the same time or to the same extent as the decrease in yield on its interest-earning assets, the Issuer's net interest income and net interest margin may be adversely impacted. This could have a material adverse effect on the Issuer's business, financial position, results of operations and cash flows.

In addition, the Issuer publishes the Issuer's consolidated annual financial statements in euros. Fluctuations in the foreign exchange rates used to translate other currencies into euros affect the Issuer's reported consolidated financial position, results of operations and cash flows from period to period.

***4. Lack of liquidity is a risk to the Issuer's business and its ability to access sources of liquidity.***

Liquidity risk is the risk that actual (and potential) payments or collateral posting and other obligations cannot be met on a timely basis. The Issuer discerns two types of liquidity risk. Funding liquidity risk is the risk of not being able to meet both expected and unexpected current and future cash outflows and collateral needs without affecting either daily operations or the financial condition of the firm. Market liquidity risk is the risk that the bank cannot sell an asset without significantly affecting the market price due to (i) insufficient market depth (insufficient supply and demand), (ii) market disruption, (iii) changes in the applicable haircuts and market value or (iv) uncertainty about the time required to realize the liquidity value of the assets. See also the risk factor “*Volatility in, and the position of, financial markets, liquidity disruptions or market dislocations can adversely affect the Issuer's banking and funding activities.*” above.

Liquidity risk is inherent in banking operations and can be increased by a number of enterprise specific factors, including an over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as economic conditions, market dislocations or major disasters.

Like many banking groups, the Issuer relies on customer deposits to meet a considerable portion of its funding. However, such deposits are subject to fluctuation due to certain factors, such as a loss of confidence, increasing competitive pressures or the encouraged or mandated repatriation of deposits by foreign wholesale or central bank depositors, which could result in a significant outflow of deposits within a short period of time. An inability to grow, or any material decrease in, the Issuer's deposits could, particularly if accompanied by one of the other factors described above, have a negative impact on the Issuer's ability to satisfy its liquidity needs.

In periods of liquidity stress the Issuer may need to seek funds from alternative sources, potentially at higher costs of funding than has previously been the case.

In addition, the funding of the Issuer may be hindered by market circumstances. The ability of the Issuer to fund its operations is strongly dependent on market factors and market developments. The risk exists that market circumstances may limit desired steering of the funding profile of the Issuer.

Any of the above factors may materially adversely affect the Issuer's funding ability, financial position and results of operations.

***5. Reductions or potential reductions in the Issuer's credit ratings could have a significant impact on its borrowing ability and liquidity management through reduced funding capacity and collateral triggers, and on the access to capital and money markets as well as adversely affect the Issuer's business and results of operations.***

Rating agencies assess the creditworthiness of the Issuer and its operating environment and assign a rating to the Issuer and some of the financial instruments it has issued. This information is available to investors, clients and counterparties of the Issuer. There can be no assurance that a credit rating agency will not downgrade any such credit rating or change the outlook on any such credit rating.

In addition, rating agencies may change their methodology from time to time, which may also result in a downgrade or a change in the outlook on any such credit rating.

Any downgrade or potential downgrade in the Issuer's ratings may increase its borrowing costs, require the Issuer to replace funding lost due to the (potential) downgrade (e.g., customer deposits), limit the Issuer's access to capital and money markets and trigger additional collateral requirements in derivatives contracts and other secured funding arrangements. In addition, a rating downgrade or potential downgrade of the Issuer could, among other things, limit the Issuer's opportunities to operate in certain business lines and adversely affect certain other business activities.

As a result, any reductions in the Issuer's credit ratings could have a negative impact on the Issuer's business, results of operations, prospects, financial position, borrowing costs, ability to raise funding and capital and competitive position.

***6. The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects.***

The Issuer conducts its businesses subject to financial services laws and regulations, as well as other laws and regulations (including behavioral requirements), rules, stress testing exercises, corporate governance requirements and administrative actions and policies in some or all of the locations in which it operates. The Dutch Central Bank, (*De Nederlandsche Bank N.V.*, "**DNB**"), the AFM and other regulators in various jurisdictions may impose further restrictions and conditions on the Issuer. The European Commission has also recently proposed a plan to grant the ECB powers to monitor and supervise banks in the eurozone (the "**single supervisory mechanism**"), which may result in further requirements being imposed on the Issuer, including but not limited to capital and liquidity. The timing and form of future changes in any laws, regulations or other rules, requirements, exercises, actions and policies or in the interpretation thereof, are unpredictable and beyond the Issuer's control, and any such changes made could materially adversely affect the Issuer's business, the products and services the Issuer offers or the value of its assets or extent of its liabilities.

Any changes in the tax laws of jurisdictions in which the Issuer operates which affect its products, could have a material adverse effect on its banking or other businesses and results of operations and financial position. This includes the bank tax levied by the Dutch State, a possible European financial transaction tax and a change in the financing of compensations under the Dutch Deposit Guarantee Scheme (*Depositogarantiestelsel*) from ex post to ex ante. The entry into force of the Dutch Deposit Guarantee Scheme was initially planned for 1 July 2013. However, the Dutch Minister of Finance has suggested in connection with the nationalisation of SNS Reaal N.V. that the entry into force be postponed for another two years. The new ex-ante funding system is expected to increase the Issuer's expenses for the Dutch Deposit Guarantee Scheme.

Furthermore, based on sections 1471-1474 of the United States Internal Revenue Code of 1986 enacted by the United States as part of the HIRE Act in March 2010 (commonly referred to as Foreign Account Tax Compliance Act or "**FATCA**"), a 30% withholding tax is imposed on all US source payments to a non-US financial institution (an "**FFI**"), unless the FFI concludes an agreement with the United States Internal Revenue Service (the "**IRS**"), under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements (an "**FFI Agreement**") or is based in a so called IGA jurisdiction, where the local Government has concluded an Inter-governmental Agreement with the US to facilitate the implementation of FATCA (an "**IGA**"). The IRS recently issued final regulations relating to FATCA. Approximately 50 countries worldwide are negotiating with the US about such an IGA, including

most locations where the Issuer operates. The Issuer expects that FATCA will have a considerable impact on client onboarding processes, client segmentation and client administration as well as on reporting systems.

Since 2009, as many emergency government programs slowed or wound down, global regulatory and legislative focus generally moved to a second phase of broader reform and a restructuring of financial institution regulation. Legislators and regulators, both in Europe and the United States, are currently introducing a wide range of proposals that, if enacted, could result in major changes to the way the Issuer's global operations are regulated. Some of these major changes, as well as the sheer volume thereof, could materially impact the profitability of the Issuer's businesses, the value of its assets or the collateral available for its loans, require changes to business practices or force the Issuer to discontinue businesses and expose the Issuer to additional costs, taxes, liabilities, enforcement actions and reputational risk.

As a financial company, certain reform proposals under consideration, including the proposals of the Basel Committee on Banking Supervision (the "**Basel Committee**") as set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011 (the "**Basel III Final Recommendations**"), which are to be implemented in the European Union through the Capital Requirements Directives and Capital Requirements Regulation known as "**CRD IV**", will, *inter alia*, result in the Issuer becoming subject to stricter capital and liquidity requirements and may also affect the scope, coverage, or calculation of capital, all of which could require the Issuer to reduce business levels or to raise capital. Regulatory reform proposals could also result in the imposition of additional restrictions on the Issuer's activities if it were to no longer meet certain capital requirements at the level of the financial holding company. See "*As a result of capital and/or liquidity requirements, the Issuer may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance.*"

The Dutch government has introduced a legislative proposal for a ban on referral fees relating to specific complex financial products or significant household financial decisions, such as mortgages, life insurance and pension insurance. The goals are to increase transparency for consumers and to ensure that the interests of consumers and their advisors are aligned. Financial advisors will be required to provide transparency related to costs, terms of service and relations with relevant third parties and referral fees will no longer be payable. This ban has come into effect in January 2013. A similar ban on referral fees has been announced by the Dutch Ministry of Finance in relation to certain investment services, in particular (i) individual portfolio management, (ii) investment advice and (iii) execution-only services, all in relation to financial instruments. The prohibition would for instance affect current inducement fees paid by investment funds to distributors. Under the new rules, only the client itself would be allowed to pay commissions to the investment services provider. The Ministry announced that this ban should become effective by 1 January 2014. Both bans may adversely impact the Issuer's businesses and results of operations.

The maximum loan amount for government-guaranteed mortgage loans (NHG) has been reduced from EUR 350,000 to EUR 320,000 as from 1 July 2012 and is expected to be capped at lower levels going forward, to arrive at the former level of EUR 265,000 in 2014. In addition, the Dutch government will further restrict mortgage financing by gradually reducing the maximum Loan to Mortgage Value of a mortgage loan from 106% (including 2% transfer tax) to 100% in 2018.

In the Netherlands, subject to a number of conditions, mortgage loan interest payments used to be fully deductible from the income of the borrower for income tax purposes. However, new

legislation on tax deductibility of new mortgage loans took effect on 1 January 2013. To be eligible for tax deductibility, new mortgage loans must be redeemed fully (100%) during the term of the loan based on an annuity or linear scheme. Existing mortgage loans are not impacted. However, for all mortgage loans, new and existing, tax deductibility will be gradually reduced in the next 28 years from a maximum of 52% to a maximum of 38%. Changes to the deductibility of interest payments may, amongst other things, have an effect on the house prices and the rate of economic recovery and may result in an increase of defaults, prepayments and repayments.

The changes to mortgage lending rules and the restrictions to tax deductibility as mentioned above may have a particular impact on the Issuer's mortgage business. See also the risk factor *"The Issuer's businesses are primarily located in the Netherlands."* below.

In the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the **"Dodd-Frank Act"**), enacted in July 2010, covers a broad sweep of regulations and requirements for financial services. On the basis of its current review of the Dodd-Frank Act and the rules and regulations promulgated under it, the Issuer expects Title VII of the Dodd-Frank Act to have the greatest impact on its businesses and/or operations. Title VII introduces a new framework of regulations and requirements for over-the-counter (OTC) derivative transactions, markets and participants. Not all regulations and rules under Dodd-Frank Act have been finalized, however, and the Issuer cannot predict with certainty the impact these new regulations and rules, including those promulgated under Title VII of the Dodd-Frank Act, may have on financial markets generally, or on the Issuer's businesses, financial position and results of operations, specifically.

Any of the above factors, events or developments may materially adversely affect the Issuer's businesses, financial position and results of operations and prospects.

***7. As a result of capital and/or liquidity requirements, the Issuer may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance.***

Effective management of the Issuer's capital and/or liquidity is critical to its ability to operate its businesses, to grow organically and to pursue its strategy. The Issuer is required by regulators in the Netherlands and in other jurisdictions in which it undertakes regulated activities, to maintain adequate capital resources and liquidity, as such regulator may deem appropriate. The maintenance of adequate capital and liquidity is also necessary for the Issuer's financial flexibility in the face of continuing turbulence and uncertainty in the global economy.

The Basel Committee has proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out in the Basel III Final Recommendations. Most notably these reforms are intended to increase the quality and quantity of capital, to build up of additional capital buffers in good times that can be drawn upon in periods of stress, to impose (temporary) systemic risk buffers, strengthen the risk coverage of the capital framework in relation to derivative positions and to introduce a new liquidity framework and a leverage ratio. See Chapter 18 (Capital management) and Chapter 19 (Liquidity and funding) of ABN AMRO Group N.V.'s Annual Report 2012, which has been incorporated by reference into this Base Prospectus, for information on the Issuer's capital and liquidity position under Basel III rules known as at 31 December 2012. The Basel III Final Recommendations are being discussed in the European Parliament and Council and political agreement has been reached on further revisions to the Capital Requirements Directives, known as CRD IV. The newly issued CRD IV is likely to enter into force as of 1 January 2014 and will

replace its predecessor capital requirements directives (CRD I, II and III). There can be no assurance, however, that prior to the proposed implementation of the Basel III Final Recommendations, the Basel Committee will not amend or supplement the Basel III Final Recommendations. Further, the European Union and/or authorities in the Netherlands may implement the Basel III Final Recommendations in a manner that is different from that which is currently envisaged or may impose more onerous requirements on Dutch banks.

The Basel Committee is conducting further work on systemically important financial institutions and contingent capital in close coordination with the Financial Stability Board. The Basel Committee has stated that measures may include capital surcharges, contingent capital and bail-in debt (which could be introduced by statute, possibly impacting existing as well as future issues of debt and exposing them to the risk of conversion into equity and/or write-down of principal amount). Such measures would be in addition to proposals for the write-off of Tier 1 and Tier 2 debt (and its possible conversion into ordinary shares) if a bank becomes non-viable. The changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates described above or any future changes may also require the Issuer to raise additional regulatory capital or hold additional liquidity buffers. Furthermore, the variety of capital and liquidity requirements of regulators in different jurisdictions may prevent the Issuer from managing its capital and liquidity positions in a centralized manner, which may impact the efficiency of its capital and liquidity management. If the Issuer is unable to raise the requisite regulatory capital, it may be required to further reduce the amount of its risk-weighted assets and engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or at prices which would otherwise be attractive to the Issuer. If the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations.

The above changes and any other changes that limit the Issuer's ability to manage effectively its balance sheet, liquidity position and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets or the inability to syndicate loans as a result of market conditions, a growth in unfunded pension exposures or otherwise) or to access funding sources, could have a material adverse impact on its financial position, regulatory capital position and liquidity provision.

8. ***Proposals for resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding.***

The Dutch government has adopted banking legislation dealing with ailing banks (Special Measures Financial Institutions Act, *Wet bijzondere maatregelen financiële ondernemingen*, the "**Dutch Intervention Act**"). On 6 June 2012, the European Commission proposed a new Directive on a comprehensive framework for dealing with ailing banks (the "**EU Bank Proposals**") which contains a number of legislative proposals similar to the Dutch Intervention Act. Pursuant to the Dutch Intervention Act, substantial new powers are granted to DNB and the Dutch Minister of Finance enabling them to deal with, *inter alia*, ailing Dutch banks prior to insolvency. The Dutch Intervention Act empowers DNB or the Minister of Finance, as applicable, to commence proceedings leading, *inter alia*, to:

- (i) transfer of all or part of the business (including deposits) of the relevant bank to a private sector purchaser; (ii) transfer of all or part of the business of the relevant bank to a "bridge bank"; and (iii) public ownership (nationalization) of the relevant bank and expropriation of debt



securities. Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by DNB or the Minister of Finance, as applicable, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank.

The Dutch Intervention Act and the EU Bank Proposals may lead to additional measures. For example, in connection with the nationalisation of SNS Reaal N.V. pursuant to the Dutch Intervention Act, a one-off resolution levy for all banks was proposed by the Minister of Finance.

In addition, the EU Bank Proposals include a discussion of possible proposals to give regulators resolution powers to write down debt of a failing bank (or to convert such debt into equity) to strengthen its financial position and allow it to continue as a going concern subject to appropriate restructuring. These measures may be applied retrospectively to any debt currently in issue.

It is possible that pursuant to the EU Bank Proposals, the Dutch Intervention Act or other resolution or recovery rules which may in the future be applicable to the Issuer, new powers may be given to DNB or another relevant authority which could be used in such a way as to result in the debt instruments of the Issuer absorbing losses in the course of any resolution of the Issuer.

It is at this stage uncertain if the EU Bank Proposals will be adopted and if so, when and in what form. However, the Dutch Intervention Act and, if adopted in their current form, the EU Bank Proposals could negatively affect the position of certain categories of the Issuer's bondholders and the credit rating attached to certain categories of debt instruments then outstanding, in particular if and when any of the above proceedings would be commenced against the Issuer. The Dutch Intervention Act and the EU Bank Proposals could therefore, amongst other things, increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's funding ability, financial position and results of operations.

***9. The Issuer operates in markets that are highly competitive. If the Issuer is unable to perform effectively, its business and results of operations will be adversely affected.***

There is substantial competition for the types of banking and other products and services that the Issuer provides in the regions in which the Issuer conducts large portions of its business, especially in the Netherlands. As a result, the Issuer's strategy is to maintain customer loyalty and retention. In other international markets, the Issuer faces competition from the leading domestic and international institutions active in the relevant national and international markets.

Furthermore, the intensity of competition is influenced by many factors beyond the Issuer's control (including consumer demand, the impact of consolidation, technological changes, emerging non-traditional competitors, regulatory action, competitive advantages of certain competitors and many other factors).

Moreover, government involvement and/or ownership in banks, including in the Issuer, may have an impact on the competitive landscape in the major markets in which the Issuer operates.

Competitive pressures could result in increased pricing pressures on a number of the Issuer's products and services or could result in loss of market share and may harm the Issuer's ability to maintain or increase profitability.

***10. The Issuer's operations and assets are located primarily in the Netherlands. Deterioration or long-term persistence of a difficult economic environment could have a negative effect on the Issuer's results of operations and financial position.***

Most of the Issuer's operations and assets are located in the Netherlands. Accordingly, the Issuer is largely dependent upon the prevailing economic, political and social conditions in the Netherlands, particularly those which impact the mortgage market, which has been negatively affected recently by falling real estate prices. In relation to exposures to the mortgage market please see the risk factor "*The Issuer is subject to significant counterparty risk exposure and exposure to systemic risks which may have an adverse effect on the Issuer's results.*" below. Accordingly, deterioration or long-term persistence of the difficult economic environment in the Netherlands could have a negative effect on the Issuer's results of operations and financial position.

***11. The Issuer is subject to significant counterparty risk exposure and exposure to systemic risks which may have an adverse effect on the Issuer's results.***

The Issuer's businesses are subject to general credit and country risks, including credit risks of borrowers and other counterparties. Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Issuer's businesses. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include borrowers (under loans), the issuers whose securities the Issuer holds, customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons. In view of the current global economic outlook, the Issuer may continue to see adverse changes in the credit quality of its borrowers and counterparties, for example, as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors (such as the personal, banking and financial institution sectors) and in a number of geographies. This trend has led to and may continue to lead to further impairment charges, higher costs, additional write-downs and losses for the Issuer.

The financial and/or commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. As a result, concerns about, or a default, or threatened default by one institution could affect the banking system and lead to significant market-wide liquidity problems and financial losses at many financial institutions. It may even lead to further defaults of other financial institutions, which is referred to as "systemic risk". A systemic risk event may also adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, to which the Issuer is exposed.

The above factors may lead to material losses for the Issuer and may have an adverse effect on the Issuer's business, financial position, results of operations and prospects.

***12. The Issuer may be subject to increases in allowances for loan losses.***

The Issuer's banking businesses establish provisions for loan losses, which are reflected in the impairment charges on loans and other receivables provisions on the Issuer's income statement, in order to maintain the Issuer's allowance for loan losses at a level that is deemed to be appropriate

by management based upon an assessment of prior loss experiences, the volume and type of lending being conducted by the Issuer, industry standards, past due loans, economic conditions and other factors related to the collectability of the Issuer's loan portfolio. Although management uses its best efforts to establish the allowances for loan losses, that determination is subject to significant judgment, and the Issuer may have to increase or decrease its allowances for loan losses in the future as a result of increases or decreases in non-performing assets or for other reasons. Any increase in the allowances for loan losses, any loan losses in excess of the previously determined provisions with respect thereto or changes in the estimate of the risk of loss inherent in the portfolio of non-impaired loans could have an adverse effect on the Issuer's results of operations, profitability and financial position.

***13. The Issuer depends on the accuracy and completeness of information about customers and counterparties.***

In deciding whether to extend credit or enter into other transactions with customers and counterparties, the Issuer may rely on information furnished to the Issuer by or on behalf of the customers and counterparties, including financial statements and other financial information. The Issuer also may rely on the audit report covering those financial statements. The Issuer's financial position and results of operations could be negatively affected by relying on information which turns out to be materially inaccurate, incomplete or misleading or on financial statements that do not comply with generally accepted accounting principles or that are materially misleading.

***14. The Issuer is subject to operational risks that could adversely affect its business.***

The Issuer is exposed to many types of operational risk, being the risk of loss resulting from inadequate or failed internal processes, and systems, or from external events. This includes the risk of fraud, cybercrime or other types of misconduct by employees or third parties, unauthorized transactions by employees and operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. The Issuer may also be subject to disruptions of the Issuer's operating systems, arising from events that are wholly or partially beyond the Issuer's control (including, for example, computer viruses or electrical or telecommunication outages), which may give rise to losses in service to customers and to loss or liability to the Issuer. The Issuer is further exposed to the risk that external vendors may be unable to fulfil their contractual obligations to the Issuer, and to the risk that their business continuity and data security systems prove to be inadequate. Also, the quality of data available to management may, at times, be insufficient or the data might not be available in a timely fashion. This may cause management to make improper decisions which in turn could influence the Issuer's results of operations or financial position adversely. Furthermore, the Issuer faces the risk that the design of the Issuer's controls and procedures prove to be inadequate or are circumvented. Although the Issuer has implemented risk controls and loss mitigation measures, and substantial resources are devoted to developing efficient procedures, to identify and rectify weaknesses in existing procedures and to train staff, it is not possible to be certain that such actions have been or will be effective in controlling each of the operational risks faced by the Issuer. Any weakness in these systems or controls, or any breaches or alleged breaches of applicable laws or regulations, could have a materially negative impact on the Issuer's business, reputation and results of operations.

***15. The Issuer's risk management methods may leave the Issuer exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities (tail risk).***

The Issuer uses various models, duration analysis, scenario analysis and sensitivity analysis as well as other risk assessment methods. Nonetheless, a chance always remains that the Issuer's risk management techniques and strategies may not be fully effective in mitigating the Issuer's risk exposure in all economic market environments or against all types of risk, including risks that the Issuer fails to identify or anticipate. Some of the Issuer's tools and metrics for managing risk are based upon the use of observed historical market behavior. The Issuer applies statistical and other tools to these observations to arrive at quantifications of risk exposures. These tools and metrics may fail to predict future risk exposures. The Issuer's losses, thus, could be significantly greater than the Issuer's measures would indicate. In addition, the Issuer's quantified modelling may not take all risks into account. The Issuer's more qualitative approaches to managing risks takes into account a broader set of risks, but is less precise than quantified modelling and could prove insufficient. Unanticipated or incorrectly quantified risk exposures could result in material losses in the Issuer's banking businesses.

***16. The Issuer is subject to changes in financial reporting standards.***

The Issuer is subject to changes in financial reporting standards, for example, the proposed new International Financial Reporting Standard ("IFRS") 9 and revisions to International Accounting Standard ("IAS") 19.

IFRS 9 includes revised directions on classification and measurement of financial assets, impairment of financial assets and hedge accounting. The revisions to IAS 19 lead to the abolition of the corridor method for defined benefit pension plans resulting in increased volatility in the financial position in "Other Comprehensive Income". See also the risk factor "*The Issuer has obligations under defined benefit pension plans which may lead to additional contributions from the Issuer.*" below.

These, and other possible changes to IFRS, could materially adversely affect the Issuer's results of operations and/or financial position. For further information, please refer to the Consolidated Annual Financial Statements.

The Issuer is unable to be more specific about the impact of these changes in financial reporting standards, including IFRS, because some of these proposals, such as IFRS 9, will affect the statement of financial position as a whole, instead of specific elements thereof. Also, the current proposals are still under discussion and amendments before finalization of the proposed standards may materially change the impact on the financial statements, making it difficult to predict the outcome.

***17. The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.***

The value of certain financial instruments, such as (i) financial instruments classified as 'held-for-trading' or 'designated as at fair value through income', and (ii) financial assets classified as 'available-for-sale' recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate. Generally, to establish the fair value of these instruments, the Issuer relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data.

In certain circumstances, the data for individual financial instruments or classes of financial instruments utilized by such valuation models may not be available or may become unavailable due to changes in market conditions. In such circumstances, the Issuer's internal valuation models require the Issuer to make assumptions, judgements and estimates to establish fair value. Given the nature of instruments, these internal valuation models are complex, and the assumptions, judgements and estimates the Issuer is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated in the face of changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments has had and may have a material adverse effect on the Issuer's results of operations and financial position.

***18. The Issuer has obligations under defined benefit pension plans which may lead to additional contributions from the Issuer.***

The Issuer has in place several pension schemes for its employees, under which it has an obligation to pay contributions for the aggregate pension rights of participants in those pension schemes. Most participants have accrued rights under a defined benefit plan. The emergence of a material shortfall of the pension schemes in relation to the participants' rights may lead to additional contributions from the Issuer being required and could adversely affect the Issuer's financial position, results of operations and prospects.

***19. The Issuer is subject to legal risk, which may have an adverse impact on the Issuer's business, financial position, results of operations and prospects.***

In the ordinary course of business the Issuer is involved in a number of legal proceedings. The Issuer's business is subject to the risk of litigation by customers, borrowers, employees, shareholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. It is inherently difficult to predict or quantify the outcome of many of the litigations, regulatory proceedings and other adversarial proceedings involving the Issuer and its businesses. The cost to defend current and future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of the Issuer's services, regardless of whether the allegations are valid or whether the Issuer is ultimately found liable. See also the risk factor "*The Issuer is subject to reputational risk.*" below. As a result, litigation may adversely affect the Issuer's business. See "*The Issuer—Legal and arbitration proceedings*".

In presenting the consolidated annual financial statements, management may make estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Changes in estimates may have an adverse effect on the Issuer's business, financial position, results of operations and prospects.

***20. The Issuer is subject to reputational risk.***

Reputational risk exists in many forms in all of the Issuer's activities. Examples are the failure or perceived failure to comply with legal and regulatory rules, laws, regulations and other requirements or codes of conduct by the Issuer, its customers, or other third parties linked to the Issuer, anti-money laundering, bribery or anti-corruption measures, anti-terrorist financing procedures, the quality and transparency of products sold to clients or the conduct of its

employees. In addition the Issuer's reputation could also be harmed as a result of negative external publicity over which the Issuer has no or minimal control. These factors may adversely affect the Issuer's operating results, prospects and financial position.

***21. The Issuer's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may adversely affect the Issuer's performance.***

Employees are one of the Issuer's most important resources and competition for qualified employees is intense. In order to attract and retain qualified employees, the Issuer seeks to compensate such employees at market levels. Higher compensation costs or the inability to attract and retain qualified employees could affect the Issuer's performance materially adversely.

The financial industry has implemented new rules and regulations on remuneration policies such as included in the changes to the Capital Requirements Directives known as CRD III, which have been implemented by the Dutch Central Bank in the Remuneration Policy Decree (*Besluit beheerst beloningsbeleid Wft*), the Bonus Prohibition Act and the governance rules and guidelines as embedded in the "*Code Banken*". Furthermore, the financial industry may experience additional regulation of employee compensation, or employee compensation may be made subject to special taxation, which could have an adverse effect on the Issuer's ability to hire or retain the most qualified employees in the future.

***22. The 403 Declaration of ABN AMRO Group N.V. may provide limited economic benefit or recourse to investors.***

The 403 Declaration constitutes a guarantee by ABN AMRO Group N.V. for, *inter alia*, debt securities issued by the Issuer. If the Issuer should default, creditors impacted by such default, including holders of the financial instruments issued by the Issuer, may claim against the Issuer and/or ABN AMRO Group N.V. as the guarantor.

However, since ABN AMRO Group N.V. is a holding company with no significant activities of its own, it would have to look at its operating subsidiaries to satisfy a claim brought against it by a holder of a financial instrument issued by the Issuer or any other creditor of the Issuer on the basis of the 403 Declaration. As ABN AMRO Group N.V.'s only direct subsidiary is the Issuer, a holder of a financial instrument issued by the Issuer must be aware that a claim under the 403 Declaration may not result in additional material recourse.

ABN AMRO Group N.V. may revoke the 403 Declaration at any time, including with retroactive effect subject to certain criteria.

***23. The Issuer is subject to additional risk exposure as a consequence of the Legal Demerger, Legal Separation, EC Remedy and Legal Merger that could adversely affect its business.***

The execution of the Legal Demerger, Legal Separation (including in relation to the EC Remedy) and Legal Merger have created risks for the Issuer's business and stability.

Following completion of a legal demerger, creditors only have recourse to the entity to which the relevant assets and liabilities have been transferred for payments in respect of issued financial instruments. Under the Dutch Civil Code, however, each of RBS N.V. and the Issuer remains liable to creditors for certain monetary obligations of the other that existed at the date of the Legal Demerger in the event that the other cannot meet such obligations. In each case, this liability

relates only to obligations existing at the date of the Legal Demerger and is limited to the amount of equity acquired at the Legal Demerger.

At the date of the Legal Demerger, the obligations of RBS N.V. exceeded the equity of ABN AMRO Bank N.V. Therefore the contingent liability of ABN AMRO Bank N.V. to creditors of RBS N.V. is limited to the amount of equity acquired at the date of Legal Demerger.

The Issuer has made arrangements to mitigate the risks of liability to the creditors which transferred to RBS N.V. upon the Legal Demerger. RBS N.V. has also made arrangements to mitigate the risks of liability to the creditors that transferred from RBS N.V. to the Issuer. Both RBS N.V. and the Issuer hold the level of regulatory capital agreed upon with DNB for purposes of covering any residual risks. There is no assurance that the mitigating arrangements taken by the Issuer are sufficient to satisfy all claims of creditors transferred to RBS N.V. See *“The Issuer—History and recent developments—EC Remedy”*.

On 7 August 2008, the EC Remedy part of ABN AMRO Bank N.V. was demerged to New HBU II N.V., giving rise to similar cross liabilities as described. In the event that New HBU II N.V. fails to meet its obligations, ABN AMRO Bank N.V. remains liable to their creditors in respect of obligations that existed at the New HBU II N.V. demerger date. This liability is limited to the equity retained at the legal demerger date.

In addition, the Issuer is subject to several risks, including financial, liquidity, operational, legal, compliance, and reputational risk as a result of the Legal Demerger, Legal Separation and EC Remedy Risks in connection with the Legal Demerger, Legal Separation and EC Remedy have been identified and managed from the start of these processes and risk tolerance levels have been set. However, risk exposure increases as a result of a demerger, separation or merger process and the Issuer may be exposed to large, unexpected events

The above factors may have an impact on the execution of the Issuer's strategy and/or materially adversely affect the Issuer's results of operations, prospects and financial position.

***24. Termination of Dutch State Ownership of the Issuer may result in increased perception of risk by investors, depositors and customers.***

Until 29 September 2011, the Dutch State had direct control over ABN AMRO, however, the Dutch State was not involved in the day-to-day management of ABN AMRO. On 29 September 2011, direct control was transferred to the NLF, see *“The Issuer—ABN AMRO Group N.V.—Shareholder, Group and Control”*. In its letter of 24 January 2011, the Dutch State has announced that it does not expect to dispose of its stake in ABN AMRO Group N.V. any earlier than 2014. While it considers all strategic and financial options on the form of such disposal, the Dutch State favours an initial public offering. In the fall of 2012, the Dutch Minister of Finance has stated that the NLF has been asked to deliver an update on the exit strategy of ABN AMRO. At the date hereof, that update has not yet been published.

The timing and the form in which any change in the ownership of the Issuer may take is uncertain and may result in increased perception of risk by investors, depositors and customers which could adversely affect the market price of the Issuer's securities and its business, financial position and results of operations.

***25. The European Commission has imposed certain conditions on the Issuer that could adversely affect the Issuer's competitive position, its business and results of operations.***

The European Commission has imposed certain conditions in order to approve the support package and restructuring plan for ABN AMRO Group N.V. that restrict the Issuer from conducting certain activities. Examples are a ban on acquisitions, price leadership conditions and other restrictions. See *"Operating and financial review—Key factors affecting results of operations—European Commission state aid investigation"*.

Most measures are implemented for three years, starting from 5 April 2011. The restrictions imposed on acquisitions will be prolonged to a maximum of five years if after three years the Dutch State continues to hold more than 50% of the ordinary shares.

Any of these restrictions could have a negative impact on the Issuer's competitive position. Since the markets in which the Issuer operates are expected to remain highly competitive in all areas, these conditions could adversely affect the Issuer's market share, results of operations, prospects and financial position.

**Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Program**

***26. The Notes may not be a suitable investment for all investors.***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in



Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Program. A number of these Notes may have features which contain particular risks for potential investors.

#### ***27. The Notes may be subject to optional redemption by the Issuer.***

The Final Terms and/or Pricing Term Sheet of any issue of a Series of Notes under the Program may specify that such Notes are subject to redemption at the option of the Issuer. Any optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***28. Fixed/Floating Rate Notes may be converted at the discretion of the Issuer.***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favorable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

#### ***29. The market value of Inverse Floating Rate Notes are more volatile than market values of other conventional floating rate debt securities.***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

***30. The price of Notes issued at a substantial discount or premium may be more volatile.***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

**Risks related to Subordinated Notes**

***31. Holders of Subordinated Notes have limited rights to accelerate.***

The Issuer may issue Notes under the Program which are subordinated to the extent described in Condition 4 of the Conditions of the Notes. Any such Subordinated Notes will constitute unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer (other than those subordinated obligations expressed by their terms to rank lower than the Subordinated Notes), save for those preferred by mandatory and/or overriding provisions of law. In the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium (as defined in Condition 4(c) of the Conditions of the Notes) with respect to the Issuer, the claims of the holders of the Subordinated Notes (“**Subordinated Noteholders**”) against the Issuer will be subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other unsubordinated claims. By virtue of such subordination, payments to a Subordinated Noteholder will, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after, and any set-off by a Subordinated Noteholder shall be excluded until, all obligations of the Issuer resulting from higher-ranking deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied. A Subordinated Noteholder may therefore recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to any Subordinated Notes which may be incurred or assumed by the Issuer from time to time, whether before or after the issue date of the relevant Subordinated Notes.

In addition, the rights of Subordinated Noteholders are limited in certain respects. In particular, (i) redemption of Subordinated Notes pursuant to Conditions 7(b), (c), (d) or (e) of the Conditions of the Notes may only be effected after the Issuer has obtained the written consent of DNB, and (ii) the Issuer may be required to obtain the prior written consent of DNB before effecting any repayment of Subordinated Notes following an Event of Default. See Conditions 7(f) and 9 of the Conditions of the Notes for further details.

Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent. See also the risk factor “*There is a redemption risk in respect of certain issues of Subordinated Note.*”

***32. There is a redemption risk in respect of certain issues of Subordinated Notes.***

If the applicable Final Terms and/or Pricing Term Sheet in respect of Subordinated Notes indicates that such Notes are redeemable at the option of the Issuer, if the whole or at least the minimum percentage of the outstanding nominal amount of the Notes, as specified in the applicable Final Terms and/or Pricing Term Sheet, is fully excluded from qualifying as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the issue date of the relevant Notes) or DNB or other relevant authority has determined that the whole or at least the minimum percentage of the outstanding nominal amount of the Notes, as specified in the applicable Final Terms and/or Pricing Term Sheet, is fully excluded from qualifying as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the issue date of the relevant Notes) and provided the Issuer has notified the holders of the relevant Notes accordingly, the Issuer may redeem the relevant Notes at the amount and on the date(s) specified in the applicable Final Terms and/or Pricing Term Sheet, subject to (i) DNB being satisfied that such disqualification as Tier 2 capital was not reasonably foreseeable at the relevant issue date, and (ii) the prior consent of DNB provided that at the relevant time such consent is required, and upon giving not less than 30 nor more than 60 days' irrevocable notice.

***33. There is variation or substitution risk in respect of certain Series of Subordinated Notes.***

If Variation or Substitution is specified in the applicable Final Terms and/or Pricing Term Sheet and if a CRD IV Capital Event or another event as specified in Condition 7(e) of the Conditions of the Notes has occurred and is continuing, then the Issuer may, subject to the prior written consent of DNB if required at the relevant time (but without any requirement for the consent or approval of the Subordinated Noteholders), substitute the Subordinated Notes or vary the terms of the Subordinated Notes in order to ensure that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time. The terms and conditions of such varied or substituted Subordinated Notes may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Subordinated Notes. However, the Issuer cannot make changes to the terms of the Subordinated Notes or substitute the Subordinated Notes for securities that are materially less favourable to the Subordinated Noteholders and following such variation or substitution the resulting securities must have at least, *inter alia*, the same ranking, interest rate, maturity date, redemption rights, existing rights to accrued interest which has not been paid and assigned the same ratings as the Subordinated Notes. Nonetheless, no assurance can be given as to whether any of these changes will negatively affect any particular Subordinated Noteholder. In addition, the tax and stamp duty consequences of holding such varied or substituted Notes could be different for some categories of Subordinated Noteholders from the tax and stamp duty consequences of their holding the Subordinated Notes prior to such variation or substitution. See Condition 7(e) of the Condition of the Notes for further details.

"CRD IV" and "CRD IV Capital Event" have the meanings ascribed thereto in Condition 7(e) of the Conditions of the Notes.

***34. Statutory loss absorption of Subordinated Notes could have an adverse effect on the market price of the relevant Subordinated Notes.***

The Conditions of the Subordinated Notes stipulate that the Subordinated Notes may become subject to the determination by the Relevant Authority or the Issuer (following instructions from

the Relevant Authority) that all or part of the nominal amount of the Subordinated Notes, including accrued but unpaid interest in respect thereof, must be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, all as prescribed by CMD ("**Statutory Loss Absorption**"). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Subordinated Notes subject to Statutory Loss Absorption shall be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, as prescribed by CMD, (ii) such Statutory Loss Absorption shall not constitute an Event of Default and (iii) the Subordinated Noteholders will have no further claims in respect of the amount so written off or subject to conversion or otherwise as a result of such Statutory Loss Absorption.

Any written-off amount as a result of Statutory Loss Absorption shall be irrevocably lost and holders of such Subordinated Notes will cease to have any claims for any principal amount and accrued but unpaid interest which has been subject to write-off.

The determination that all or part of the nominal amount of the Subordinated Notes will be subject to Statutory Loss Absorption may be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. Accordingly, trading behavior in respect of Subordinated Notes which are subject to Statutory Loss Absorption is not necessarily expected to follow trading behavior associated with other types of securities. Any indication that Subordinated Notes will become subject to Statutory Loss Absorption could have an adverse effect on the market price of the relevant Subordinated Notes. Potential investors should consider the risk that a Subordinated Noteholder may lose all of its investment in such Subordinated Notes, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs.

The "**Relevant Authority**" means DNB or other regulatory authority or governmental body having the power to impose Statutory Loss Absorption on the Subordinated Notes pursuant to CMD; and

"**CMD**" means any relevant laws and regulations applicable to the Issuer at the relevant time pursuant to, or which implement, or are enacted within the context of, a directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, a first draft of which was published on 6 June 2012, or any other resolution or recovery rules which may from time to time be applicable to the Issuer (including CRD IV). See also the risk factor "*Proposed and new banking legislation dealing with ailing banks give regulators resolution powers (including powers to write down debt)*".

### ***35. No limitation to issue senior or pari passu ranking Notes.***

The Conditions of the Notes do not restrict the amount of securities which the Issuer may issue and which rank senior or pari passu in priority of payments with the Subordinated Notes.

The issue of any such securities may reduce the amount recoverable by Subordinated Noteholders on a winding-up of the Issuer. Accordingly, in the winding-up of the Issuer and after payment of the claims of senior creditors and of depositors, there may not be a sufficient amount to satisfy the amounts owing to the Subordinated Noteholders.

### **Risks related to the Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

***36. Each Noteholder must act independently as Noteholders do not have the benefit of a trustee.***

Because the Notes will not be issued pursuant to an indenture, Noteholders will not have the benefit of a trustee to act upon their behalf and each Noteholder will be responsible for acting independently with respect to certain matters affecting such Noteholder's Note, including accelerating the maturity thereof upon the occurrence of an event of default, enforcing any covenants contained therein and responding to any requests for consents, waivers or amendments. See "*Terms and Conditions of the Senior Notes—Events of Default*" and "*Terms and Conditions of the Subordinated Notes—Events of Default*".

***37. The Notes are subject to modification, waivers and substitution.***

The conditions of the Notes contain provisions for soliciting the consent of Noteholders in respect of matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or did vote and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that an Agent may, without the consent of Noteholders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Noteholders) of any of the provisions of Notes which is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory and/or overriding provisions of law or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15 of the Conditions of the Notes or (iv) the variation or substitution of certain Subordinated Notes in the circumstances described in Condition 7(e) of the Conditions of the Notes.

***38. The EU Savings Directive may require the collection of withholding tax.***

If a payment of interest were to be made or collected through a Member State which has opted for a withholding system under EC Council Directive 2003/48/EC and an amount in respect of tax were consequently to be withheld from that payment (see the section entitled "*EU Savings Directive*" under "*Taxation*"), none of the Issuer or any Paying Agent or any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Prospectus Directive (as defined in "*Important Information*").

***39. Tax consequences of holding the Notes may be complex.***

Potential investors should consider the tax consequences of investing in the Notes and consult their tax adviser about their own tax situation. In particular, depending on which provision is specified in the applicable Pricing Terms Sheet or Final Terms, the Issuer may either (i) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes and shall not pay any additional amounts to the holders of the Notes, if such withholding or deduction is required by law or (ii) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such

withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes as the case may be, in the absence of such withholding or deduction. See further “*Taxation*”.

***40. Noteholders may be subject to withholding tax under FATCA.***

Under FATCA the Issuer and other FFIs through which payments on Notes (including original issue discount (“**OID**”)), if any, principal and redemption proceeds) are made may be required to withhold US tax in certain circumstances. Payments on Notes issued after 31 December 2013 might become subject to US withholding tax under FATCA if the payments were considered (in whole or in part) to be “foreign pass-thru payments” within the meaning of the FATCA rules. Payments on or with respect to the Notes will not become subject to FATCA withholding sooner than 1 January 2017. Furthermore, Notes that are issued before 1 January 2014 or, if later, the date that is six months after regulations defining the term “foreign pass thru payment” are published (the “**grandfathering period**”) will not be subject to FATCA withholding in 2017 and later unless the Notes are considered to be equity for US federal income tax purposes or the Notes are “materially modified” for U.S. federal income tax purposes after the end of the grandfathering period. No withholding would be required on payments made directly to an investor that is not an FFI to the extent an investor provides information to the Issuer (or other FFI through which payments on the Notes are made) sufficient for the Issuer (and any other FFI through which payments on the Notes are made) to determine whether the investor is a US person or should otherwise be treated as holding a “United States Account” under FATCA.

If an amount in respect of FATCA withholding tax were to be deducted or withheld from any payments on the Notes, neither the Issuer nor any paying agent would be required to pay any additional amounts as a result of the deduction or withholding of such tax. As a result, investors who are FFIs that have not entered into an FFI agreement, investors that hold Notes through such FFIs or investors that are not FFIs but have failed to provide required information to an FFI that has entered into an FFI agreement may be subject to withholding tax for which no additional amount will be paid by the Issuer. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

***41. Notes held in global form are reliant on the Registrar and other third parties.***

Notes issued under the Program may be represented by one or more Global Certificates. Such Global Certificates (as defined in “*Book Entry, Delivery, Form and Settlement—Form of the Notes and registration*”) will be deposited with a custodian for and registered in the name of a nominee of DTC (each as defined in “*Book Entry, Delivery, Form and Settlement—Form of the Notes and registration*”). Except in the circumstances described in the relevant Global Certificates, investors will not be entitled to receive Definitive Notes. DTC, or, if applicable, Euroclear, and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificates. While the Notes are represented by one or more Global Certificates, investors will be able to trade their beneficial interests only through DTC, or, if applicable, Euroclear or Clearstream, Luxembourg.

While the Notes are represented by one or more Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to the custodian for DTC or, as appropriate, the common depositary, for distribution to their account holders. A holder of a beneficial interest in a Global Certificates must rely on the procedures of DTC or, if applicable, Euroclear and Clearstream, Luxembourg, to receive payments under the relevant Notes. The

Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates.

Holders of beneficial interests in the Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by DTC or, if applicable, Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

***42. The Base Prospectus must be read together with applicable Final Terms and/or Pricing Term Sheet.***

Each of the terms and conditions of the Senior Notes and the terms and conditions of the Subordinated Notes included in this Base Prospectus apply to the different types of Notes which may be issued under the Program. The full terms and conditions applicable to each Tranche of Notes can be reviewed by reading the applicable master Terms and Conditions as set out in full in “*Terms and Conditions of the Senior Notes*” and “*Terms and Conditions of the Subordinated Notes*”, which constitute the basis of all Notes to be offered under the Program, together with the relevant Pricing Term Sheet and/or Final Terms which applies and/or disappplies, supplements and/or amends the master Terms and Conditions of the Program in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Notes (or Tranche thereof). Copies of the legal documentation relating to the Program and copies of the Pricing Term Sheet and/or Final Terms relating to each issue of Notes are available for inspection as described in “*General Information*”.

***43. Change of law and jurisdiction may impact the Notes.***

The Senior Notes and the Senior Note Agency Agreement are governed by New York and, with respect to ranking, Dutch law, in effect as at the date of this Base Prospectus.

The Subordinated Notes are based on Dutch law, in effect as at the date of this Base Prospectus.

No assurance can be given as to the impact of any possible change to New York, Dutch, European or any applicable laws, regulations or administrative practices after the date of this Base Prospectus. Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss absorption tools which may affect the rights of Noteholders. Such tools may include the ability to write off sums otherwise payable on such Notes (see the risk factors entitled “*Proposed and new banking legislation dealing with ailing banks give regulators resolution powers (including powers to write down debt)*.” and “*Statutory loss absorption of Subordinated Notes.*” for further information).

Prospective investors should note that in relation to the Senior Notes, the courts of New York shall have jurisdiction in respect of any disputes involving any Series of Senior Notes. Noteholders may take any suit, action or proceedings arising out of or in connection with the Senior Notes against the Issuer in any court of competent jurisdiction.

Prospective investors should note that in relation to the Subordinated Notes, the courts of Amsterdam, the Netherlands shall have jurisdiction in respect of any disputes involving any Series of Subordinated Notes. The Issuer has not consented to the jurisdiction of the New York federal or state courts in respect of any such action or proceeding. It is, therefore, likely that

investors will need to commence a legal action or proceeding in the Netherlands to the extent they wish to enforce the Issuer's obligations in respect of the Subordinated Notes of any series.

The laws of New York and, where applicable, the Netherlands may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes. In addition to any subordination requirements applicable to the Issuer and the Subordinated Notes of any series (which may wholly or partially limit an investor's ability to receive payment on the Subordinated Notes of any series), it is possible that a Dutch court applying the civil code and laws of the Netherlands would decline to enforce an obligation of the Issuer in circumstances where a New York court applying the laws of the State of New York would be prepared to do so.

***44. Proposed and new banking legislation dealing with ailing banks give regulators resolution powers (including powers to write down debt).***

The Dutch government has adopted banking legislation dealing with ailing banks (Special Measures Financial Institutions Act, *Wet bijzondere maatregelen financiële ondernemingen*, the "**Dutch Intervention Act**"). On 6 June 2012, the European Commission proposed a new Directive on a comprehensive framework for dealing with ailing banks (the "**EU Bank Proposals**") which contains a number of legislative proposals similar to the Dutch Intervention Act. Pursuant to the Dutch Intervention Act, substantial new powers are granted to DNB and the Dutch Minister of Finance enabling them to deal with, *inter alia*, ailing Dutch banks prior to insolvency. The Dutch Intervention Act empowers DNB or the Minister of Finance, as applicable, to commence proceedings leading, *inter alia*, to: (i) transfer of all or part of the business (including deposits) of the relevant bank to a private sector purchaser; (ii) transfer of all or part of the business of the relevant bank to a "bridge bank"; and (iii) public ownership (nationalization) of the relevant bank and expropriation of debt securities (which may include the Notes). Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by DNB or the Minister of Finance, as applicable, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank.

Within the context of the resolution tools provided in the Dutch Intervention Act, holders of debt securities of a bank (including the holders of Senior Notes and/or Subordinated Notes) subject to resolution could be affected by issuer substitution or replacement, transfer of debt, expropriation, modification of terms and/or suspension or termination of listings. The draft EU Bank Proposals include similar proposals.

The draft EU Bank Proposals include proposals to give regulators resolution powers to write down debt of a failing bank (or to convert such debt into equity) to strengthen its financial position and allow it to continue as a going concern subject to appropriate restructuring. These measures may be applied retrospectively to any debt currently in issue. It is possible that under the Dutch Intervention Act or the EU Bank Proposals or any other future similar proposals, any new resolution powers given to DNB or another relevant authority could be used in such a way as to result in the debt instruments of the Issuer, such as the Senior Notes and/or the Subordinated Notes, absorbing losses or otherwise affecting the rights of Subordinated Noteholders in the course of any resolution of the Issuer. With respect to Subordinated Notes, see Condition 7(j) of the Conditions of the Notes for further detail.

It is at this stage uncertain in what form the EU Bank Proposals will be adopted. However, the Dutch Intervention Act and, if they were to be adopted in their current form, the EU Bank Proposals could negatively affect the position of certain categories of Noteholders and the credit



rating attached to certain categories of Notes then outstanding, in particular if and when any of the above proceedings would be commenced against the Issuer, since the application of any such legislation may affect the rights and effective remedies of holders of such Notes as well as their market value.

***45. Definitive Notes where denominations involve integral multiples may be subject to minimum denomination considerations.***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

***46. No limitation on the incurrence of indebtedness ranking pari passu with or senior to the claims of Noteholders.***

The Conditions of the Notes do not limit the Issuer's ability or the ability of any group entity to incur additional indebtedness, including indebtedness that ranks senior or *pari passu* in priority of payment to the Notes.

Any such additional indebtedness may reduce the amount recoverable by Noteholders on a winding-up of the Issuer. Accordingly, in the winding-up of the Issuer and after payment of the claims ranking senior to the Noteholders (such as secured claims), there may not be a sufficient amount to satisfy the amounts owing to the Noteholders.

**Risks related to the market generally**

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

***47. A secondary market may not develop for the Notes.***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

***48. The Notes are subject to exchange rate risks and exchange controls.***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***49. The price of notes are affected by changes in interest rates.***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

***50. The credit ratings of the Notes or the Issuer may not reflect all risks.***

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

***51. An investor's investment in the Notes may be subject to restrictions and qualifications.***

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

***52. An investor may be unable to enforce US civil judgments against the Issuer.***

The Issuer is a company incorporated under the laws of the Netherlands. A substantial part of its assets are located outside the United States. In addition, substantially all of its officers and directors reside outside the United States and a substantial part of the assets of these persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

## IMPORTANT INFORMATION

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State)(the “**Prospectus Directive**”). This document does not constitute a prospectus for the purposes of Section 12(a)(2) of, or any other provision of or rule under, the Securities Act.

### **Responsibility statement**

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

The contents of this Base Prospectus are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters and prospective investors are recommended to consult their own professional advisers for any advice concerning the acquisition, holding or disposal of any Notes (as defined below).

Before making an investment decision with respect to any Notes, prospective investors should carefully consider all of the information set out in this Base Prospectus, the Pricing Term Sheet and/or Final Terms as well as their own personal circumstances. Prospective investors should also carefully consider, among other matters, the risks described under the section headed “*Risk Factors*” in this Base Prospectus.

An investment in the Notes is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

**THIS BASE PROSPECTUS SHOULD BE READ AND CONSTRUED WITH ANY AMENDMENT OR SUPPLEMENT THERETO AND, IN RELATION TO ANY PARTICULAR ISSUANCE OF THE NOTES, SHOULD BE READ AND CONSTRUED TOGETHER WITH THE RELEVANT FINAL TERMS. IN ADDITION, THE ISSUER AND THE AGENTS MAY, IN CONNECTION WITH ANY PARTICULAR ISSUANCE OF NOTES, PREPARE AND SEND TO INVESTORS A PRICING TERM SHEET AT THE TIME SALES OF SUCH NOTES ARE CONFIRMED AND, WHENEVER THE DEFINED TERM “FINAL TERMS” IS USED IN THIS BASE PROSPECTUS SUCH TERM SHALL BE DEEMED TO INCLUDE ANY SUCH PRICING TERM SHEET, UNLESS THE CONTEXT OTHERWISE REQUIRES.**

The full terms and conditions of each Tranche of Notes can be reviewed by reading the relevant master Terms and Conditions as set out in full in this Base Prospectus in “*Terms and Conditions of the Senior Notes*” and “*Terms and Conditions of the Subordinated Notes*”, which constitute the basis of all Notes to be offered under the Program. The applicable Pricing Term Sheet and/or Final Terms (each as defined below) for each offering of Notes will contain the specific terms and conditions of the Notes to be sold in that offering and any other information relevant to that offering. Accordingly, investors should carefully review the information contained in both this Base Prospectus (including the relevant master Terms and Conditions) and the applicable Pricing Term Sheet and/or Final Terms (including any description of the method of calculating interest on any Note) which applies and/or disapplies, supplements and/or amends the applicable master

Terms and Conditions in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Notes (or Tranche thereof).

References in this Program to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading and have been listed on Euronext in Amsterdam. Euronext in Amsterdam is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive).

The Issuer may agree with any relevant Agent that Notes may be issued in a form not contemplated by the Terms and Conditions herein, in which case a supplementary prospectus, if required, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes to be sold in the United States will be set forth in a pricing term sheet relating to such Tranche (the “**Pricing Term Sheet**”) and with respect to Notes to be listed on Euronext in Amsterdam, a final terms document (the “**Final Terms**”) substantially in the form set out herein which, will be delivered to Euronext in Amsterdam on or before the date of issue of Notes of such Tranche. There can be no assurance that the Notes offered as described in this Base Prospectus will be sold or that there will be a secondary market for the Notes. See “*Risk Factors*.”

This Base Prospectus, which (save as described below) is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”), has been prepared for use in connection with the Program.

Subject as provided in the applicable Final Terms and/or Pricing Term Sheet, the only persons authorized to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms and/or Pricing Term Sheet as any relevant Agent or the Managers and the persons named in or identifiable following the applicable Final Terms and/or Pricing Term Sheet as the Financial Intermediaries, as the case may be.

No person has been authorized to give any information or to make any representation not contained in or not consistent with this Base Prospectus, the applicable Final Terms and/or Pricing Term Sheet, the applicable Pricing Term Sheet (if any) or any document incorporated by reference herein or therein, or any other information supplied in connection with the Program or the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, or any Agent.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. Prospective purchasers should be aware that they might be required to bear the financial risks of an investment in the Notes for an indefinite period of time.

This Base Prospectus and any supplement to the Base Prospectus (“**Prospectus Supplement**”) will be valid for listing Notes on Euronext in Amsterdam and/or any other exchange in the EEA in an unlimited aggregate nominal amount.

ABN AMRO Group N.V.’s Annual Report 2011 and ABN AMRO Group N.V.’s Annual Report 2012 (in each case as defined in “*Documents Incorporated by Reference*”) are available at <http://www.abnamro.com/ir>. The other information included on or linked to through this website

or in any website referred to in any document incorporated by reference into this Base Prospectus is not a part of this Base Prospectus.

All references in this Base Prospectus to websites, any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus are, unless the Issuer expressly states otherwise, intended to be inactive textual references for information only as at the date of this Base Prospectus, any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus, as applicable. Any information contained in or accessible through any website, including <http://www.abnamro.com/ir>, does not form a part of this Base Prospectus, unless specifically stated in this Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in this Base Prospectus.

Neither this Base Prospectus nor any other information supplied in connection with the Program should be considered as a recommendation by the Issuer, the Arrangers, or any Agent that any recipient of this Base Prospectus or any other information supplied in connection with the Program should purchase any Notes. Accordingly, no representation, warranty or undertaking, express or implied, is made by the Arranger or any Agent in their capacity as such. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Program or the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Agents (if any) expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Program. Investors should review, *inter alia*, the most recent financial statements of the Issuer and ABN AMRO Group N.V. incorporated into this Base Prospectus (see “*Documents Incorporated by Reference*”) and those that are published after the date of this Base Prospectus, when deciding whether or not to purchase any Notes.

The Issuer, the Arrangers, and any Agent do not represent that this Base Prospectus may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction. In particular, no action has been taken by the Issuer, the Arrangers, or any Agent appointed under the Program which is intended to permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus, together with its attachments, nor any advertisement or other offering material may be distributed or published in any jurisdiction where such distribution and/or publication would be prohibited and each Agent (if any) will be required to represent that all offers and sales by it will be made on these terms.

The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. See “*Notice to Purchasers*” and “*Plan of Distribution*”.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA which has implemented the Prospectus Directive (2003/71/EC), as amended (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Agent has authorized, nor do they authorize, the making of any offer of Notes in any other circumstances

### **Stabilization**

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

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued on or prior to the date hereof shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) The articles of association of the Issuer;
- (b) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2012 (the “**Consolidated Annual Financial Statements 2012**”) (as set out on pages 217 to 223 in relation to the financial statements 2012, including the notes to the financial statements as set out on pages 224 to 335, pages 128 to 185 (certain information in Chapter 17 (Risk management)), pages 186 to 195 (certain information in Chapter 18 (Capital management)), pages 196 to 208 (certain information in Chapter 19 (Liquidity & funding)), pages 209 to 214 (certain information in Chapter 20 (Securitisation)) and the auditors' report thereon on pages 339 and 340, all as included in ABN AMRO Group N.V.'s Annual Report 2012);
- (c) Chapter 10 (Strategy) on pages 54-59, Chapter 16 (Introduction to risk & capital management) on pages 126-127, Chapter 24 (Definitions of important terms) on pages 349 – 354, Chapter 25 (Abbreviations) on pages 355 – 357 and Chapter 26 (Cautionary statement on forward looking statements) on pages 358 - 359 of ABN AMRO Group N.V.'s Annual Report 2012;
- (d) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2011 (the “**Consolidated Annual Financial Statements 2011**”) (as set out on pages 149 to 155 in relation to the financial statements 2011, including the notes to the consolidated annual financial statements as set out on pages 156 to 269, pages 76 to 109 (certain information in Chapter 8 (Risk management)), pages 110 to 117 (certain information in Chapter 9 (Capital Management)), pages 118 to 131 (certain information in Chapter 10 (Liquidity and funding)) and the auditors' report thereon on pages 273 and 274, all as included in ABN AMRO Group N.V.'s Annual Report 2011);
- (e) Chapter 20 (Definitions of important terms) on pages 288 to 291, Chapter 21 (Abbreviations) on pages 292 and 293 and the Section "Notes to the reader" in the inside cover of ABN AMRO Group N.V.'s Annual Report 2011;
- (f) the Issuer's publicly available unaudited abbreviated financial statements 2012 for the financial year ended 31 December 2012 prepared on the basis of article 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*);
- (g) the Issuer's publicly available unaudited abbreviated financial statements 2011 for the financial year ended 31 December 2011 prepared on the basis of article 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*); and
- (h) the press release titled "*ABN AMRO reports net profit of EUR 415 million for first quarter of 2013*" dated 17 May 2013. The information set out therein is unaudited,

save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that



a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference. Requests for such documents should be directed to the Issuer (at its registered office at: Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands, by telephone: +31 20 6282282 or by e-mail: [investorrelations@nl.abnamro.com](mailto:investorrelations@nl.abnamro.com)).

## AVAILABLE INFORMATION

ABN AMRO Bank has agreed that, so long as any Notes are “**restricted securities**” within the meaning of Rule 144(a)(3) of the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) nor exempt from reporting thereunder pursuant to Rule 12g3-2(b) under the Exchange Act, provide to any holder or beneficial owner of any such “**restricted security**”, or to any prospective purchaser of such restricted security designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) of the Securities Act upon the request of such holder or beneficial owner.

ABN AMRO Bank will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Notes. If the terms of this Program are modified or amended in a manner which would make this Base Prospectus, as supplemented, inaccurate or misleading, a new base prospectus will be prepared.

If the terms of the Program are modified or amended in a manner which would make this Base Prospectus, as so modified or amended, inaccurate or misleading, a new prospectus or a supplement to this Base Prospectus will be prepared.

Any statement contained herein or in a document which is incorporated in whole or in part by reference herein shall be deemed to be modified or superseded for the purpose of the supplemental prospectus to the extent that a statement contained in any document which is incorporated in whole or in part by reference therein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

## FORWARD-LOOKING STATEMENTS

Certain statements in this Base Prospectus, including certain statements set forth under the headings "*Risk Factors*" and "*The Issuer*" are based on the beliefs of the management of the Issuer, as well as assumptions made by and information currently available to management of the Issuer, and such statements may constitute forward looking statements. These forward looking statements (other than statements of historical fact) regarding the Issuer's future results of operations, financial condition, cash flows, business strategy, plans and objectives of the Issuer's management for future operations can generally be identified by terminology such as "targets", "believes", "estimates", "expects", "aims", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues" "projects", "should", "desire", "strive", "optimistic", "Value-at-Risk ('VaR') or similar expressions or the negatives thereof.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Issuer, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward looking statements.

In particular, such risks, uncertainties and other important factors include, among other things, potential exposures to various types of operational, credit and market risk, such as counterparty risk, interest rate risk, foreign exchange rate risk and commodity and equity price risk.

These forward-looking statements are not historical facts and represent only the Issuer's beliefs regarding future events, many of which by their nature are inherently uncertain and beyond the bank's control. Other factors that could cause actual results to differ materially from those anticipated by the forward-looking statements contained in this document include, but are not limited to:

- ▶ The extent and nature of future developments and continued volatility in the credit and financial markets and their impact on the financial industry in general and ABN AMRO in particular;
- ▶ The effect on ABN AMRO's capital of write-downs in respect of credit exposures;
- ▶ Risks related to ABN AMRO's merger, separation and integration process;
- ▶ General economic, social and political conditions in the Netherlands and in other countries in which ABN AMRO has significant business activities, investments or other exposures, including the impact of recessionary economic conditions on the ABN AMRO's performance, liquidity and financial position;
- ▶ Macro-economic and geopolitical risks;
- ▶ Reductions in the Issuer's credit ratings;
- ▶ Actions taken by the EC, governments and their agencies to support individual banks and the banking system;
- ▶ Monetary and interest rate policies of the ECB and G20 central banks;

- ▶ Inflation or deflation;
- ▶ Unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- ▶ Liquidity risks and related market risk losses;
- ▶ Potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments, including systemic risk;
- ▶ Changes in Dutch and foreign laws, regulations (including capital and/or liquidity requirements and/or bank resolution regimes), policies and taxes;
- ▶ Changes in competition and pricing environments;
- ▶ Inability to hedge certain risks economically;
- ▶ Adequacy of loss reserves and impairment allowances;
- ▶ Technological changes;
- ▶ Changes in consumer spending, investment and saving habits;
- ▶ Effective capital and liquidity management;
- ▶ Inaccuracy or incompleteness of information about customers and counterparties;
- ▶ Operational risks;
- ▶ Changes in financial reporting standards;
- ▶ Inaccuracy of, or changes in, financial models incorporating assumptions, judgments and estimates used to determine the value of certain financial instruments at fair value;
- ▶ Additional contributions to defined benefit pension plans;
- ▶ Outcome of legal proceedings (legal risk);
- ▶ Reputational damage;
- ▶ Inability to retain and attract qualified employees;
- ▶ The success of ABN AMRO in managing the risks involved in the foregoing.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Issuer's actual financial condition or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected. The Issuer urges investors to read the sections of this Base Prospectus entitled "*Risk Factors*" and

"*The Issuer*" for a more complete discussion of the factors that could affect the Issuer's future performance and the industry in which the Issuer operates.

**The Issuer does not intend, and does not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law. All subsequent written and oral forward looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Base Prospectus.**

## **ENFORCEMENT OF CIVIL LIABILITIES; SERVICE OF PROCESS**

The Issuer is a company incorporated under the laws of the Netherlands. A substantial part of its assets are located outside the United States. In addition, substantially all of its officers and directors reside outside the United States and a substantial part of the assets of these persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

The Issuer has expressly submitted to the non-exclusive jurisdiction of New York State and United States federal courts sitting in New York City for the purpose of any suit, action or proceeding arising out of the Senior Notes, and has appointed the New York Representative Office of ABN AMRO Bank N.V. at 565 Fifth Avenue, 25th Floor, New York, NY 10017, United States of America, as its designated agent in New York City, to accept service of process in any such action.

## EXCHANGE RATE AND CURRENCY INFORMATION

In this Base Prospectus, references to "U.S.\$", "U.S. dollars", "USD" or "\$" are references to the lawful currency of the United States, references to "euro", "Euro", "EUR" or "€" are references to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of May 3, 1998 on the introduction of the euro, as amended.

ABN AMRO publishes its financial statements in euros.

The following table sets out, for the periods indicated, certain information concerning the exchange rate expressed in US Dollars per Euro, obtained by using the Historical Price function in Bloomberg. These translations should not be construed as representations that the Euro amounts actually represent such US Dollar amounts or could be converted into US Dollars at the rate indicated. On 15 May 2013, the exchange rate translated to EUR 1 = US\$1.2861.

ABN AMRO makes no representation that the amounts referred to above could have been or could be converted into the foregoing currencies at any particular rate or at all.

These rates are provided solely for the convenience of the reader and are not necessarily the rates used in the preparation of the Issuer's financial statements. No representation is made by the Issuer that the U.S. dollar amounts could have been converted into the euro at the rates shown or at any other rate for such periods or at such dates.

The currency information presented under this section entitled "*Exchange Rate and Currency Information*" is based on data published by Bloomberg, and such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading.

### *US Dollar to Euro exchange rates (US Dollars per Euro)*

	At period end	Average rate	High	Low
October 2012.....	1.2970	1.2974	1.3119	1.2875
November 2012.....	1.3002	1.2833	1.3002	1.271
December 2012.....	1.3197	1.3126	1.3245	1.2937
January 2013.....	1.3584	1.3301	1.3584	1.3049
February 2013.....	1.3083	1.3349	1.3671	1.3052
March 2013.....	1.2819	1.2955	1.3097	1.2772
April 2013.....	1.3168	1.3025	1.3177	1.2820
May 2013 (through 15 May).....	1.2861	1.3052	1.3190	1.2861
31 December 2010.....	1.3366	1.3266	1.451	1.1952
31 December 2011.....	1.2960	1.3924	1.4874	1.2925
31 December 2012.....	1.3197	1.2859	1.3463	1.2053

*Source: Bloomberg*

## **USE OF PROCEEDS**

The net proceeds from each issuance of Senior Notes will be used for the general corporate purposes of ABN AMRO. The net proceeds from each issuance of Subordinated Notes will be used to strengthen or replace the capital base of ABN AMRO and/or to support the continuing growth of its business. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, together with the expenses of the issuance (if applicable).



## PRESENTATION OF FINANCIAL INFORMATION

Pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19, 2002 and related regulations, effective January 1, 2005, ABN AMRO Group N.V. has adopted International Financial Reporting Standards, as they have been endorsed by the European Commission ("**IFRS-EU**"). The audited financial statements for the years ended and as at December 31, 2012 and 2011 (including the auditors' report thereon and notes thereto) of ABN AMRO Group N.V., which in each case include corresponding figures as at and for the previous period, respectively, have been prepared in accordance with IFRS-EU (see "*The Issuer—ABN AMRO Bank N.V.—Operating and Financial Review—Presentation of Financial Information*"). The unaudited abbreviated financial statements of the Issuer for the years ended as at December 31, 2012 and 2011, have been prepared by the Issuer in accordance with Dutch GAAP, but on the basis of ABN AMRO Group N.V.'s accounting principles.

IFRS-EU and Dutch GAAP differ in certain significant respects from generally accepted accounting principles in the United States ("**U.S. GAAP**"). No financial statements or financial information included herein have been prepared or presented in accordance with U.S. GAAP or the accounting rules and regulations adopted by the U.S. Securities and Exchange Commission ("**SEC Rules and Regulations**"). As a result, the financial information included herein may differ substantially from financial information prepared in accordance with U.S. GAAP and those rules and regulations. It is not practicable for the Issuer to prepare its financial statements in accordance with U.S. GAAP and the SEC Rules and Regulations or to prepare any reconciliation of its consolidated annual financial statements and related footnotes. In making an investment decision, investors must rely upon their own examination of the Issuer's financial position, operation and cash flows, the terms of the offering and the financial information presented herein. Potential investors are urged to consult their own professional advisors for an understanding of the differences between IFRS-EU and U.S. GAAP, and of how those differences might affect the financial information presented herein.

Please refer to "*The Issuer—ABN AMRO Bank N.V.—Operating and Financial Review—Presentation of Financial Information*" for a more detailed discussion of the financial information included and incorporated by reference in this Base Prospectus.

The financial information set forth in a number of tables in this Base Prospectus has been rounded to the nearest whole number. Accordingly, in certain instances, the sum of the numbers in a column may not conform exactly to the total figure given for that column.

## THE ISSUER

### 1 ABN AMRO BANK N.V.

ABN AMRO is a full-service bank, supporting retail, private banking, commercial and merchant banking clients in the Netherlands and selectively abroad. ABN AMRO is also internationally active in a number of specialized activities such as Energy, Commodities & Transportation (ETC) and Clearing, private banking and asset based lending in a select number of countries.

In 2012, ABN AMRO generated reported net profit of EUR 948 million (2011: reported net profit of EUR 689 million), had a reported cost/income ratio of 68% (2011: 69% reported), assets under management of EUR 163.1 billion (as at 31 December 2011: EUR 146.6 billion), total assets of EUR 394.4 billion (as at 31 December 2011: EUR 404.7 billion), risk weighted assets of EUR 121.5 billion (as at 31 December 2011: EUR 118.3 billion) and a tier 1 ratio of 12.9% (as at 31 December 2011: 13.0%).

The reported figures have been impacted by several items which are related to the demerger of ABN AMRO Bank from RBS N.V., the separation of FBN from the Former Fortis group and the integration of ABN AMRO Bank and FBN. For a better understanding of underlying trends, the results of operations of ABN AMRO have been adjusted for these items where indicated. Reconciliation of the reported and underlying results is presented where relevant.

In 2012, ABN AMRO generated underlying net profit of EUR 1,285 million (2011: underlying net profit of EUR 960 million) and had a underlying cost/income ratio of 61% which includes the new bank tax (2011: 64% underlying).

#### 1.1 History and recent developments

The formation of ABN AMRO is the result of various legal and operational separation and integration activities arising from the acquisition of ABN AMRO Holding N.V. by the Consortium in October 2007. In October 2008, the Dutch State acquired Fortis Bank Nederland (Holding) N.V. ("FBN"). In December 2008, the Dutch State directly acquired FBN's interest in RFS Holdings B.V. This interest comprised Dutch commercial clients (small and medium enterprises ("SMEs") and corporates), Dutch consumer clients and Dutch and international private clients (including the international diamonds and jewellery business) of the Former ABN AMRO Group.

As a result of the Legal Demerger and Legal Separation, ABN AMRO Bank was formally separated from the Former ABN AMRO Group and transferred to ABN AMRO Group N.V. by 1 April 2010. Effective 1 July 2010, FBN and ABN AMRO Bank merged to form the new ABN AMRO Bank N.V., a wholly-owned subsidiary of ABN AMRO Group N.V.

ABN AMRO's goal is to bring its cost/income ratio between 56 and 60% by 2017, including the additional costs of new regulations, government measures and taxation.

#### *EC Remedy*

On 1 April 2010, ABN AMRO completed the sale of the EC Remedy Businesses to Deutsche Bank. This sale was a prerequisite set by the European Commission for the integration of the

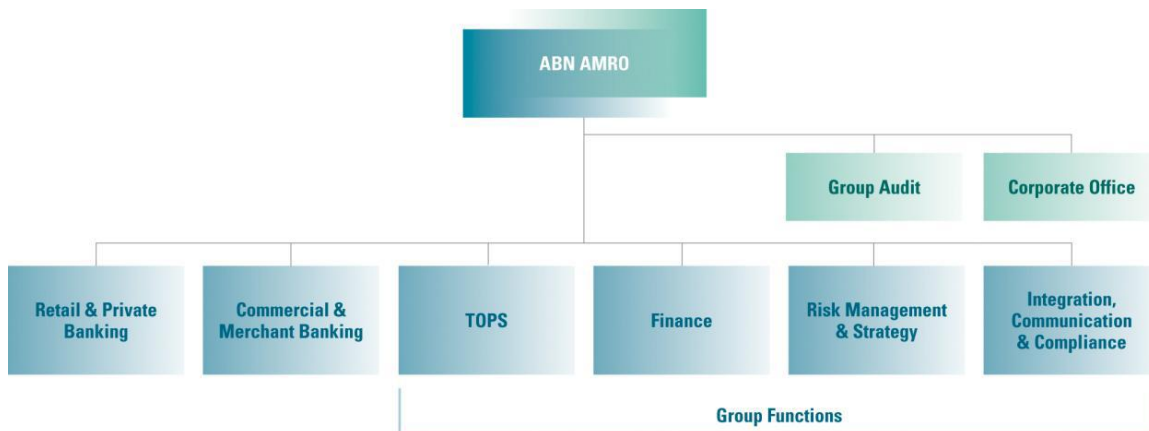
Dutch State acquired businesses and FBN into the new ABN AMRO Bank. The operational separation of the EC Remedy Businesses was finalized in 2012. The sale of the EC Remedy Businesses to Deutsche Bank included a financial guarantee that covered part of the potential credit losses on the portfolio existing at the time of the closing of the transaction (the "**Credit Umbrella**") and a cross liability with New HBU II N.V. In 2012, the liability positions related to the Credit Umbrella were settled.

### *State Ownership and the role of NLFI*

The Dutch State announced that, in relation to ABN AMRO, the exit of its ownership is not expected before 2014. The Dutch State keeps all options open for a return to the private market for ABN AMRO, but has indicated it favours an Initial Public Offering ("**IPO**"). In the fall of 2012, the Dutch Minister of Finance has stated that the NFLI has been asked to deliver an update on the exit strategy of ABN AMRO. As of the date hereof, that update has not yet been published. As of the date of this Base Prospectus, NL Financial Investments ("**NLFI**") is the sole shareholder of ABN AMRO.

## **1.2 Business description**

ABN AMRO is organised into Retail & Private Banking ("**R&PB**"), Commercial & Merchant Banking ("**C&MB**") and Group Functions. Each member of the Managing Board is responsible for either a business segment or a support unit within Group Functions. The Chairman of the Managing Board oversees the general management of ABN AMRO and is responsible for Group Audit and the Corporate Office, as shown in the diagram below.



For financial reporting purposes, in 2011 the Managing Board adopted a further refinement of ABN AMRO's segment reporting as follows:

- Retail Banking;
- Private Banking;
- Commercial Banking;

- Merchant Banking;
- Group Functions.

### 1.3 Retail & Private Banking

R&PB consists of the business lines Retail Banking, Private Banking Netherlands and Private Banking International, each of which serves a different client base with a tailored business proposition.

#### Retail Banking

##### *Business scope and clients*

Retail Banking offers Mass Retail and Preferred Banking<sup>1</sup> clients a wide variety of banking, loan and insurance products and services through the branch network, online, via Advice & Service centres, via intermediaries and through subsidiaries. The majority of the loan portfolio of Retail Banking consists of residential mortgages.

##### *Main subsidiaries*

The following subsidiaries<sup>2</sup> of ABN AMRO Bank relate to Retail Banking:

##### *ABN AMRO Hypotheken Groep*

ABN AMRO Hypotheken Groep B.V. ("**AAHG**") together with its subsidiaries is the supplier of virtually all residential mortgage products of ABN AMRO.

##### *Direktbank*

Direktbank N.V. ("**Direktbank**") is a subsidiary of AAHG and sells mortgages and service products and works exclusively with independent mortgage advisors.

##### *MoneYou*

MoneYou B.V. ("**MoneYou**") operates as an internet bank offering savings accounts to consumers and commercial clients and residential mortgages and consumer lending in the Netherlands and Germany.

##### *Alfam*

Alfam Holding N.V. ("**Alfam**") is ABN AMRO's competence center for consumer finance. Alfam sells consumer loans via intermediaries under four different labels: Alpha Credit Nederland, Credivance, Defam and Green Loans.

##### *International Card Services*

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<sup>1</sup> Preferred Banking is ABN AMRO's servicing concept for clients with a net monthly income exceeding EUR 5,000 or with EUR 50,000 to EUR 1 million in investable assets.

<sup>2</sup> Unless explicitly indicated otherwise, all subsidiaries are wholly-owned by ABN AMRO.

International Card Services B.V. ("**ICS**") is ABN AMRO's credit card specialist. ICS issues, promotes, manages and processes credit card transactions and offers other financial services, such as revolving credit facilities.

#### *ABN AMRO Verzekeringen*

Delta Lloyd ABN AMRO Verzekeringen Holding B.V. ("**ABN AMRO Verzekeringen**") is a joint venture with Delta Lloyd in which ABN AMRO holds a 49% stake. ABN AMRO Verzekeringen offers life and non-life insurance products to consumers and commercial clients under the ABN AMRO brand. ABN AMRO acts as an intermediary for ABN AMRO Verzekeringen by selling and providing advice on a comprehensive range of life and non-life insurance products, for which ABN AMRO receives commission payments.

### **Private Banking**

#### *Business scope and clients*

Private Banking provides total solutions to its clients' global wealth management needs and offers an array of products and services designed to address their individual situation. Private Banking operates under the brand name ABN AMRO MeesPierson in the Netherlands and internationally under ABN AMRO Private Banking and local brands such as Banque Neuflyze OBC in France and Bethmann Bank in Germany. The International Diamond & Jewelry Group, a leading provider of global financial services to the diamond and jewellery industry, is part of Private Banking International.

ABN AMRO offers private banking services to clients with freely investable assets exceeding EUR 1 million (or USD 1 million in Asia). Client service teams offer different service models according to client wealth bands:

- **High Net Worth Individuals** ("**HNW**") with Assets under Management ("**AuM**") in excess of EUR 1 million (Private Banking);
- **Ultra High Net Worth Individuals** ("**UHNW**") with AuM in excess of EUR 25 million (Private Wealth Management).

Within these two main client groups, ABN AMRO offers a comprehensive set of tailored services to suit the particular needs of specific client segments, such as:

- **Family money** provides specific services tailored to the needs of families, including wealth transfer to the next generation;
- **Entrepreneurs and their enterprises** advises entrepreneurs and family businesses, where business and personal needs are often interlinked;
- **Charities and Institutions** offers dedicated expertise to foundations and charitable organizations.

### ***Focus and commitment***

Based on its strategic decision to focus on selective growth in the eurozone and in Asia, ABN AMRO divested its private banking activities in Switzerland in 2011. In the rapidly changing and consolidating Swiss private banking market, transferring the operations to a leading Swiss private bank was in the best interests of both clients and staff.

In Germany, ABN AMRO acquired LGT Deutschland into its subsidiary Bethmann Bank, which is in alignment with the bank's strategy, brings new clients, assets and capabilities, and secured Bethmann Bank's top-five position in the important German private banking market.<sup>3</sup>

In France, Banque Neuflyze OBC offers a private banking model based on an integrated approach to private and commercial wealth articulated around a dedicated advisory and products offer. Banque Neuflyze OBC and its subsidiaries cover a range of activities including traditional banking services, asset management and discretionary portfolio management (through Neuflyze OBC Investissements, Neuflyze Private Assets, its leading asset managers), life insurance (with Neuflyze Vie) and advisory services: estate planning, financial engineering, corporate finance, art advisory and real estate.

In the Netherlands, the Institutions & Charities dedicated client teams address the specific needs of fundraising, religious, public and institutional clients.

Private Banking is also expanding its business in Asia, building client service teams by recruiting private bankers, investment advisors and other key specialists to enhance its relationship management-focused offering.

### ***International Diamond & Jewelry Group***

International Diamond & Jewelry Group is an important global player in the financing of the diamond and jewelry industry, offering financial services to internationally active businesses. Its position is underpinned by a footprint in eight key diamond centres, innovative global trade services and financing solutions such as lending and trade finance-based products. As a founding member of the Responsible Jewellery Council, ABN AMRO aims to promote the highest standards in the diamond industry.

### ***Main subsidiaries***

The following subsidiaries<sup>4</sup> of ABN AMRO Bank relate to Private Banking:

#### ***Banque Neuflyze OBC***

Banque Neuflyze OBC S.A. ("**Banque Neuflyze OBC**") is 99.9%-owned by ABN AMRO Bank N.V. It operates 11 branches in main French cities. Banque Neuflyze OBC provides an integrated approach to private and commercial wealth while also offering specialist services such as art advisory.

#### ***Neuflyze Vie***

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<sup>3</sup> Manager Magazine 06/2011. Data source: investor marketing 2010; 1) Independently owned private banks.

<sup>4</sup> Unless explicitly indicated otherwise, all subsidiaries are wholly-owned by ABN AMRO.

Neuflize Vie S.A. ("**Neuflize Vie**") is a joint venture between Banque Neuflize OBC (60%) and AXA (40%). Neuflize Vie is a life insurance company and was created to offer life insurance products for (ultra) high net worth individuals and has developed customised solutions with a focus on unit-linked contracts.

#### *Bethmann*

Bethmann Bank AG, ("**Bethmann**") a wholly-owned subsidiary of ABN AMRO Bank, enjoys a strong local heritage and brand recognition in the German market. Bethmann has 10 branches covering all major regions of Germany, Bethmann offers Private Banking and Private Wealth Management related services.

### **1.4 Commercial & Merchant Banking**

#### *Business scope and clients*

For small businesses up to large corporate companies, C&MB offers a comprehensive range of products, in-depth sector knowledge and customised financial advice.

C&MB offers a comprehensive product range and services to commercial clients in the Netherlands and surrounding countries – Germany, Belgium, France and the United Kingdom – as more than 80% of the bank's commercial clients conduct their international business in these countries. C&MB serves Dutch-based corporates with international activities, offering a one-stop shop for all financial solutions and tailor-made services. Clients have access to the bank's international network including the ten largest financial and logistics hubs in the world, including New York, São Paulo, London, Frankfurt, Singapore and Hong Kong. Internationally, C&MB offers selected specialized activities where it holds or can achieve a leading position: Energy, Commodities & Transportation ("**ECT**") and ABN AMRO Clearing Bank N.V. globally, and Lease and Commercial Finance in selected markets. For financial reporting purposes, C&MB is organised into Commercial Banking and Merchant Banking.

#### **Commercial Banking**

Commercial Banking serves commercial clients with annual turnover up to EUR 500 million and clients in the public sector, commercial finance and leasing. To address the international business needs of its clients, the Commercial Banking International network offers a broad range of products and services by having a local presence in selected areas and globally through partner bank agreements. Commercial Banking has set up agreements with partner banks to offer services to clients in countries where ABN AMRO is not present. Commercial Banking consists of two business lines: Business Banking and Corporate Clients.

#### *Business Banking*

Business Banking offers small and medium-sized businesses with turnover up to EUR 30 million a comprehensive range of standard and customised products through the service models YourBusiness Banking and Relationship Management.

The YourBusiness Banking service model allows small businesses to conduct their banking affairs through the channel of their choice: online, by telephone with an advisor, or face-to-face with a YourBusiness Banking specialist.

Medium-sized businesses are assigned a dedicated Relationship Manager who advises on financial matters based on in-depth knowledge of the client's business and market and is supported by specialists who offer advice on insurance, payments, acquisition finance and treasury.

All Business Banking clients have access to products and expertise available in other C&MB business lines, such as trade, lease and commercial finance.

### ***Corporate Clients***

Corporate Clients serves Netherlands-based companies with an annual turnover between EUR 30 and 500 million as well as clients in the public sector. ABN AMRO Lease, ABN AMRO Commercial Finance and Commercial Banking International are part of Corporate Clients and provide solutions to clients in all C&MB segments.

Clients are served from five regions in the Netherlands, each providing a full range of services and offering in-depth expertise in key sectors of the Dutch economy. Each client is assigned a dedicated client team, consisting of a relationship manager and a shared team of specialists in various product areas such as cash management, trade and credits. Clients also have access to a dedicated support unit for their day-to-day banking affairs.

Corporate Clients has cultivated a solid market position in the Dutch corporate client segment and is actively pursuing its long-term commercial objectives, as evidenced by the high number of deals and strong growth in client satisfaction (according to an independent study by TNS NIPO).

Clients have access to Merchant Banking products and advice, such as M&A and capital structure advisory services.

### ***Main subsidiaries***

The following subsidiaries<sup>5</sup> of ABN AMRO Bank are related to Commercial Banking:

#### ***ABN AMRO Lease***

ABN AMRO Lease N.V. ("**ABN AMRO Lease**") delivers asset-based solutions (equipment lease and finance) to SMEs, a broad range of national and international operating corporates and the public sector. ABN AMRO Lease provides lease finance for their customers (vendor finance) to manufacturers of equipment. ABN AMRO Lease is active in the Netherlands, Belgium, Germany and the United Kingdom with dedicated sales teams operating in close cooperation with the C&MB clients segments, Commercial Banking International and ABN AMRO Commercial Finance.

#### ***ABN AMRO Commercial Finance***

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<sup>5</sup> Unless explicitly indicated otherwise, all subsidiaries are wholly-owned by ABN AMRO.



With reference to capital (liquidity and solvency) requirements, ABN AMRO Commercial Finance B.V. ("**AACF**") offers bridging credits on debtors and inventory. AACF also provides finance loans up to 90% of the debtors' and 50% to 70% of the manufacturers' products. Its present client portfolio comprises a wide range of clients. AACF is active in the Netherlands, France, Germany and the United Kingdom.

#### *ABN AMRO Groenbank*

ABN AMRO Groenbank B.V. ("**ABN AMRO Groenbank**") finances sustainable projects based on the fiscal green scheme provided for in the Dutch tax system. ABN AMRO Groenbank takes savings deposits and investment cash from Retail & Private Banking clients and makes this capital available to businesses that invest in sustainable projects in the Netherlands. Financing of sustainable projects has been put on hold following recent changes to the Dutch fiscal green scheme; however, ABN AMRO Groenbank N.V. continues to attract funds.

### **Merchant Banking**

#### *Business scope and clients*

Merchant Banking serves Netherlands-based corporates, financial institutions and real estate investors and developers as well as international companies active in Energy, Commodities & Transportation ("**ECT**"). Merchant Banking is organised into two business lines: Large Corporates & Merchant Banking ("**LC&MB**") and Markets. LC&MB offers a full array of banking products and services, including Cash & Liquidity Management, Debt Solutions and Corporate Finance & Capital Markets. Markets serves the bank's entire client base and has two global businesses: Securities Financing and Clearing.

#### *Large Corporates & Merchant Banking*

LC&MB offers a full range of financial services to Netherlands-based corporates, financial institutions and real estate investors and developers as well as international companies active in ECT. LC&MB services can be made available to C&MB clients and include:

- Debt solutions: syndicated bank loans, acquisition & leveraged finance, export & project finance, debt capital market products and capital structuring & advisory;
- Cash management and working capital services;
- M&A advice and equity capital market solutions;
- Private equity financing: majority and substantial minority shareholder stakes.

#### *Large Corporates & Sector Origination*

Corporates based in the Netherlands with turnover exceeding EUR 500 million are offered strategic relationship management by sector coverage teams supported by product teams and credit specialists.

#### *Financial Institutions*

The Financial Institutions team offers strategic relationship management and a full specialized product range to domestic and international banks, pension funds, asset managers and insurance companies. The team maintains a sizeable network of relations with foreign banks in delivering correspondent banking and trade finance facilities.

#### *Real Estate Finance*

The Real Estate Finance team serves professional real estate clients based in the Netherlands (both investors and developers), providing a full range of financial solutions including corporate lending, asset-backed investment and development finance as well as several advisory services.

#### *Energy, Commodities & Transportation*

ECT clients are international mid-sized to large corporates active in energy (oil and gas industry and offshore services), commodities (trading companies active in energy, agricultural and metals commodities) and transportation (shipping and intermodal). ECT has an established presence in 11 locations around the world, in the three main time zones: Asia, Europe and the Americas.

#### *Private Equity*

ABN AMRO provides equity financing (both majority and substantial minority shareholder stakes) to Dutch-based profitable mid-market parties with solid market positions, clear growth potential (autonomously or by means of acquisitions) and actively involved and committed management teams that are prepared to co-invest.

#### *Markets*

Markets is divided into three business lines: Trading, Sales and ABN AMRO Clearing. Markets serves a broad client base, ranging from corporate and financial institutions to retail and private banking clients. This business line offers specialised Foreign Exchange, Interest Rates, Commodities, Equities, Equity Derivatives and Securities Financing products. Markets also offers clients online services via ABN AMRO I-Markets.

In the Netherlands, Markets has sales and trading activities in Amsterdam and Commercial Banking sales desks in four other locations throughout the country. Outside the Netherlands, its main sales and trading activities are based in Frankfurt, Hong Kong, London and New York. Markets has two niches with a global presence: Securities Financing and ABN AMRO Clearing.

#### *Securities Financing*

ABN AMRO is a large player in the Dutch securities borrowing and lending market – the only Dutch bank offering a complete product range. Securities lending is the market activity whereby securities are temporarily transferred from a lender to a borrower, with the commitment to re-deliver the securities in the future.

The Securities Financing team offers tailor-made solutions to financial institutions such as pension funds, asset managers, insurance companies, banks and clearing institutions. Securities Financing has a global presence, with offices in Amsterdam, London, Frankfurt, New York and Hong Kong, and consists of a Global Sales team and three trading units: Bond Financing, Equity Financing and Collateral Financing.

## ***Main Subsidiaries***

The following subsidiaries<sup>6</sup> of ABN AMRO Bank are related to Merchant Banking:

### ***ABN AMRO Clearing***

ABN AMRO Clearing Bank N.V. ("**ABN AMRO Clearing**") is a global player in derivatives and equity clearing and is one of the few players currently offering global market access and clearing services on more than 85 of the world's leading exchanges.

ABN AMRO Clearing Bank N.V. operates from several locations across the globe and offers an integrated package of direct market access, clearing and custody services covering, options, equity, commodities, energy and fixed income. ABN AMRO Clearing Bank N.V. operations are carried out via ABN AMRO Clearing Bank N.V., which has a banking licence and is regulated and supervised by DNB.

### ***Maas Capital Investments***

Maas Capital Investment B.V. ("**MCI**"), part of ABN AMRO's ECT business, is a financier for the shipping sector. MCI does this through financial lease constructions or by a (minority) shareholder interest.

## **1.5 Group Functions**

Group Functions supports ABN AMRO's businesses by delivering services in the areas of audit, corporate governance, finance, risk, human resources, legal, compliance, communication, change management, technology, operations, property management, sustainability, and housing. Group Functions is organised into four areas, each of them headed by a Managing Board member: Technology, Operations & Property Services ("**TOPS**"), Finance ("**Finance**"), Risk Management & Strategy ("**RM&S**"), and Integration, Communication & Compliance ("**ICC**"). Group Audit reports directly to the Chairman of the Managing Board and the Chairman of the Audit Committee. The Company Secretary holds an independent position under joint supervision of the Chairman of both the Managing Board and the Supervisory Board.

### **Technology, Operations & Property Services**

Technology, Operations & Property Services ("**TOPS**") supports the business by providing services in the areas of IT (software and hardware), project management, operations and property management and office space. TOPS also coordinates the integration activities of ABN AMRO of which the remaining client migrations were finalised in 2012.

### **Finance**

Finance is the primary supplier of management and reporting information to ABN AMRO's businesses and to external stakeholders. Finance plays an independent role in delivering management information and challenging business decisions. It provides a financial control environment and ensures compliance with accounting standards and requirements set by the regulatory authorities. Finance includes ALM/Treasury ("**ALM/T**"), which also has a reporting

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<sup>6</sup> Unless explicitly indicated otherwise, all subsidiaries are wholly-owned by ABN AMRO.

line to RM&S (as defined below). ALM/T is responsible for managing the level of capital, interest rate risk and liquidity (banking book) available to the Issuer as well as the treasury function.

### **Risk Management & Strategy**

Risk Management & Strategy ("**R&MS**") aims to ensure that ABN AMRO's moderate risk profile is translated into the "three lines of defence" risk management model. RM&S combines Risk Management, Group Economics, and Strategy (including Corporate Development and Investor Relations) and is closely aligned with ALM/T to ensure that ABN AMRO's risk appetite is in line with the bank's corporate strategy and capital position, taking into consideration the economic outlook.

### **Integration, Communication & Compliance**

Integration, Communication & Compliance's primary responsibility is to help ABN AMRO's businesses put their clients centre stage. ICC consists of Change & Integration, Communications & Sustainability, Compliance, Human Resources and Legal.

## **1.6 Regulation**

### **Regulation and supervision in the European Union**

The European Union is working on a broad range of measures aimed at bringing more stability and transparency to the European financial sector. Among them are the banking union, the European Market Infrastructure Regulation, a revised directive and regulation on Markets in Financial Instruments, a Bank Recovery and Resolution Directive and a renewed Deposit Guarantee Scheme Directive.

These proposals are being introduced by local governments as well as supranational authorities such as the European Commission. The volume of these changes and the severity of their impact will likely have a material impact on all financial institutions and especially on banks. ABN AMRO will need to allocate a significant amount of resources to prepare for these changes. Certain proposals will potentially have an effect on its operations and financial position. Proposals such as the Dutch Bank tax or the new Basel III framework are expected to lead to significant additional costs which will likely be reflected in the costs of products and services offered to clients.

### ***Solvency Supervision***

ABN AMRO is subject to an evolving regulatory landscape with respect to the supervision of its solvency and capital adequacy.

#### ***Capital adequacy framework (Basel)***

In 2004, the Basel Committee on Banking Supervision (the "**Basel Committee**") endorsed the publication of the "International Convergence of Capital Measurement and Capital Standards: a Revised Framework", commonly referred to as Basel II. The Capital Requirements Directive, representing the translation of Basel II to EU legislation and replacing the Capital Adequacy Directive, was approved by the European Parliament in 2005. This acceptance by the European

Parliament cleared the way for the implementation of the Capital Requirements Directive in Europe, with a published compliance date of 1 January 2008. The process of implementing Basel II into Dutch legislation (through the Financial Supervision Act) and regulation was completed in December 2006, when DNB published its supervisory rules.

Basel II provides for three approaches of increasing sophistication for the calculation of credit risk capital: the Standardized Approach; the Internal Ratings Based Foundation Approach; and the Advanced Internal Ratings Based Approach. Basel II also introduced capital requirements for operational risk for the first time.

Basel II is structured around three "pillars":

- Pillar 1 sets out minimum regulatory capital requirements, namely the minimum amount of capital banks must hold against credit, operational and market risks.
- Pillar 2 sets out the key principles for supervisory review of an institution's risk management framework and, ultimately, its capital adequacy. It also sets out specific oversight responsibilities for the board and senior management, thus reinforcing principles of internal control and other corporate governance practices. Pillar 2 requires each institution to conduct an internal capital adequacy assessment process ("**ICAAP**").
- Pillar 3 aims to bolster market discipline through enhanced disclosure by banks.

*ABN AMRO transitional agreement and current compliance with the Basel II capital adequacy framework*

#### Basel II Pillar 1

The Pillar 1 capital requirement is the absolute minimum amount of capital required of a bank to cover the three major risk types that a bank faces: credit risk, operational risk and market risk as determined in the Basel II, Pillar 1 framework.

For credit risk the Advanced Internal Ratings-Based (AIRB) method is used for large SME, retail and most of the specialised lending portfolios except for a small real estate portfolio for which the slotting criteria approach is used. Foundation Internal Ratings-Based (FIRB) approach is used for sovereign portfolio and the Standardised Approach (SA) is used for financial institutions, commercial real estate and large corporates. These portfolios are expected to migrate to AIRB in 2013.

At present, ABN AMRO uses the Standardised Approach for market risk, except for the equity portfolio and some smaller portfolios, which are reported under the Internal Models Approach (IMA). The bank intends to implement the IMA for calculating market risk capital in the future.

ABN AMRO uses the Standardised Approach for operational risk as an intermediate step and is preparing the roll-out of the Advanced Measurement Approach framework.

#### Basel II Pillar 2

ABN AMRO's capital requirement under Pillar 2 is based on internal models for economic capital and the view of the regulator, as expressed in the Internal Capital Adequacy Assessment

Process (ICAAP) and Supervisory Review and Evaluation Process (SREP). The economic capital models were integrated in 2011 to ensure suitability for the merged bank. Economic capital requirements are monitored monthly and reported in quarterly Capital Adequacy Assessments Reports and in the yearly ICAAP statement. ABN AMRO also delivers an Internal Liquidity Adequacy Assessment Process (ILAAP) report to the regulator on an annual basis.

In addition to regulatory capital, ABN AMRO also calculates economic capital (EC) and uses it as the key metric for internal risk measurement and management. Economic capital is the amount of capital ABN AMRO needs to hold to achieve a sufficient level of protection against large unexpected losses that could result from extreme market conditions. Economic capital is used for risk aggregation to determine the required capital, for capital allocation, ex-post performance measurement (RARORAC) and risk appetite setting, e.g. industry concentration risk limits. Economic capital figures are also used at the transactional level in loan pricing tools. These tools serve as a decision-making mechanism for assessing the attractiveness of a new transaction, in terms of risk-adjusted return on capital. Economic capital is based on internal assessments and requirements. For the calculation of economic capital, ABN AMRO has internal models. With these models economic capital is calculated on a 99.95% confidence level and a one-year time horizon.

Stress testing is an important management instrument used by ABN AMRO. The main objective of stress testing is to ensure that ABN AMRO operates within its moderate risk appetite, to increase risk awareness throughout the bank and to safeguard business continuity by means of proactive management and the review of potential future scenarios. The bank applies stress testing on a regular basis to assess the effect of potential plausible but unlikely events and developments on the bank. These events may be systemic (e.g. multi-year macro-economic stress) or ABN AMRO-specific. Bank-wide stress testing, as applied by ABN AMRO, takes into account all material risks the entire bank is exposed to. The following types of stress tests are executed:

- Sensitivity analysis to identify the sensitivity between specific risk drivers and ABN AMRO's financials;
- Scenario analysis to gain insight into potential scenarios that are considered relevant;
- Reverse stress testing to gain insight into events that would break ABN AMRO's minimum capital and liquidity ratios, results of which are used in contingency planning.

ABN AMRO's Group Risk Committee is extensively involved in bank-wide stress testing. The Group Risk Committee discusses and decides on scenario development, impact determination and management actions. As part of the overall risk management framework, ABN AMRO performs internal stress tests to assess the capital and liquidity adequacy based on internally developed stress testing scenarios and identified risk factors. In the stress scenario, it has been assumed that the economy is hit by several shocks simultaneously. The scenario variables include, amongst others, GDP, unemployment rate, property prices, interest rates, inflation and equity prices.

Based on the fourth quarter 2012 stress testing results, ABN AMRO expects to sustain its bank-wide scenario without taking additional action. The results have been incorporated into capital planning. Besides bank-wide stress testing, ABN AMRO performs stress testing by focusing on

specific portfolios or business lines. Furthermore, ABN AMRO participates in ad hoc stress test exercises as requested by regulatory bodies, such as DNB and EBA.

### Basel II Pillar 3

In 2012, ABN AMRO integrated the Pillar 3 report in its Annual Report.

### New Basel regulation

The bank has implemented CRD III (the European Union implementation of Basel 2.5). The impact on capital has been limited as the bank currently applies the standardised approach to the large majority of market risk.

CRD IV (the European Union implementation of Basel III) is expected to cause a rise in RWA, mainly due to an increase in the capital requirement for the treatment of mark-to-market counterparty risk losses through the Credit Value Adjustment (CVA) capital charge.

### *CRD*

The Capital Requirements Directives ("**CRD**") came into force on 1 January 2007 and was introduced as a supervisory framework in the European Union, designed to ensure the financial soundness of credit institutions. The Directive reflects the Basel II rules on capital measurement and capital standards.

In response to the global crisis, the Basel Committee on Banking Supervision has implemented a number of changes to the Basel II framework. These changes are implemented in the EU through modifications to the CRD.

### *CRD II*

The first modifying directive, CRD II, was adopted in 2009, and the changes became effective in the Netherlands in December 2010. CRD II included changes regarding the classification of hybrid capital instruments, the introduction of a retention requirement for own securitizations, new requirements for liquidity risk management, and technical changes of the credit risk requirement.

### *CRD III*

The second modifying directive, CRD III, was adopted by the European Union on 14 December 2010. CRD III includes changes to remuneration rules, increased capital requirements for the trading book, increased capital requirements for re-securitization (securitizations that have underlying securitization positions), enhanced disclosure of securitization exposures and other technical amendments.

### *Basel III/CRD IV*

As a financial company, certain reform proposals under consideration, including the proposals of the Basel Committee as set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011 (the "**Basel III Final Recommendations**"), which are to be implemented in the European Union through the Capital Requirements Directives and Capital

Requirements Regulation known as "**CRD IV**", will, *inter alia*, result in the Issuer becoming subject to stricter capital requirements and may also affect the scope, coverage, or calculation of capital, all of which could require the Issuer to reduce business levels or to raise capital. Regulatory reform proposals could also result in the imposition of additional restrictions on the Issuer's activities if it were to no longer meet certain capital requirements at the level of the financial holding company.

The Basel Committee has proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out in the Basel III Final Recommendations. Most notably these reforms are intended to increase the quality and quantity of capital, to build up of additional capital buffers in good times that can be drawn upon in periods of stress, strengthen the risk coverage of the capital framework in relation to derivative positions and to introduce a new liquidity framework and a leverage ratio.

CRD IV will replace its predecessor capital requirements directives (CRD I, II and III). ABN AMRO is currently preparing for the introduction and adoption of these proposals, which was initially scheduled for 1 January 2013. In December 2012, the European Parliament postponed the introduction. The current expectation is that proposals will become effective as of 1 January 2014. There can be no assurance, however, that prior to the proposed implementation of the Basel III Final Recommendations from 1 January 2014, the Basel Committee will not amend or supplement the Basel III Final Recommendations. Further, the European Union and/or authorities in the Netherlands may implement the Basel III Final Recommendations in a manner that is different from that which is currently envisaged or may impose more onerous requirements on Dutch banks.

The Basel Committee is conducting further work on systemically important financial institutions and contingent capital in close coordination with the Financial Stability Board. The Basel Committee has stated that measures may include capital surcharges, contingent capital and bail-in debt (which could be introduced by statute, possibly impacting existing as well as future issues of debt and exposing them to the risk of conversion into equity and/or write-down of principal amount). Such measures would be in addition to proposals for the write-off of Tier 1 and Tier 2 debt (and its possible conversion into ordinary shares) if a bank were to become non-viable. The changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates described above or any future changes may also require the Issuer to raise additional regulatory capital or hold additional liquidity buffers. Furthermore, the variety of capital and liquidity requirements of regulators in different jurisdictions may prevent the Issuer from managing its capital and liquidity positions in a centralized manner, which may impact the efficiency of its capital and liquidity management. If the Issuer is unable to raise the requisite regulatory capital, it may be required to further reduce the amount of its risk-weighted assets and engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or at prices which would otherwise be attractive to the Issuer. If the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations.

## ***MiFID II***

In April 2004, the Markets in Financial Instruments Directive 2004/39/EC ("**MiFID**") came into force. MiFID regulates the provision of investment services and investment activities and replaced the Investment Services Directive 1993/22/EEC, which established the single European passport for investment firms. MiFID provides a harmonized regime for investment services and



investment activities and aims to increase competition and reinforce investor protection. It streamlines supervision on the basis of home country control and enhances the transparency of markets. Furthermore, MiFID harmonizes conduct of business rules, including best execution, conflict of interest, customer order handling rules and rules on inducements. MiFID abolishes the concentration rule, creating a more competitive regime between order execution venues. It furthermore imposes market transparency rules on investment firms, regulated markets and multilateral trading systems for both pre- and post-trading for, inter alia, equities.

On 20 October 2011, the EU has published proposals for a revised directive on markets in financial instruments and for a regulation on markets in financial instruments ("**MiFID II**"). MiFID II is aimed at strengthening investor protection within the EU. This is done by the introduction of a new set of rules to increase market transparency and is expected to change the way certain instruments, such as bonds, commodities, derivatives and structured finance instruments, are traded. In particular, MiFID II is expected to subject many debt instruments to new transparency rules, and to subject derivatives to various new requirements, including an obligation on certain counterparties to trade derivatives through specific trading venues. At this stage, both the European Parliament and Council are in the process of finalising their own compromise text of MiFID II. Final implementation is expected to take place in 2015. MiFID II also introduces a new type of regulated trading venue, the so-called Organised Trading Facility, in addition to the existing categories of regulated markets and multi-lateral trading facilities. Furthermore, the proposals include a partial ban on granting and receiving inducements for certain investment services. This is in addition to the general ban on referral fees (see below under *Ban on referral fees*). In anticipation of these proposals, the Issuer has entered into an undertaking with the AFM whereby ABN AMRO in principle agrees that distribution fees from investment managers are no longer payable to the bank for the sale of investment funds to its clients. The undertaking will come into force on 1 January 2014.

### ***PSD***

In November 2007, the Payment Services Directive 2007/64/EC ("**PSD**") was formally adopted. The PSD aims to open up payment services to competition from newly licensed payments institutions and to increase consumer protection by introducing information requirements and uniform operational rules for payment service providers. The PSD, applicable in the European Union to all payments in Euro and other Member States currencies, lays the foundation for the creation of a single market in payments and constitutes the legal framework for a single Euro payments area.

### ***UCITS Directive and AIFM Directive***

With respect to open-ended collective investment schemes, the original Undertakings for Collective Investment in Transferable Securities Directive 1985/611/EEC ("**UCITS Directive**") set out the original regulatory framework, which has since been amended by Directive 2001/107/EC and Directive 2001/108/EC. The first amending directive extended the range of assets in which a UCITS is permitted to invest, and the second allowed UCITS management companies to take advantage of a European passport in order to operate throughout the EU. These amendments to the UCITS Directive were initiated to increase the efficiency of the European investment fund industry. Directive 2009/65/EC ("**UCITS IV**"), which had a final implementation date of 1 July 2011, has resulted in further amendments (concerning, amongst others, cross-border mergers, master-feeder structures and key investor information). Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers ("**AIFM Directive**"),

together with the underlying AIFM regulation 231/2013 of 19 December 2012, envisages a framework for the direct regulation and supervision of the alternative fund industry, particularly hedge funds and private equity funds. The AIFM Directive came into force on 21 July 2011 and must be implemented in 2013.

### ***Anti-Money Laundering***

The third Anti-Money Laundering Directive 2005/60/EC, published in November 2005, had the aim of implementing a revised version of the 40 recommendations of the Financial Action Task Force (an intergovernmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing). It follows a risk-based approach under which all measures aimed at preventing money laundering must be applied on a proportionate basis, depending on the type of customer, business and other considerations. On 1 January 2007, the regulation which transposes the Financial Action Task Force Special Recommendation VII on "wire transfers" into EU legislation came into force. The regulation sets out rules on information on the payer accompanying transfers of funds, in order to allow basic information to be immediately available to the authorities responsible for combating money laundering and terrorist financing.

On 5 February 2013, the European Commission adopted two proposals to reinforce the EU's existing rules on anti-money laundering and fund transfers. The new package, which complements other actions taken or planned by the Commission in respect of its fight against crime, corruption and tax evasion, includes (i) a Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (which would replace the current Anti-Money Laundering Directive) and (ii) a Regulation on information accompanying transfers of funds to secure "due traceability" of these transfers (which would replace the current Regulation on wire transfers). Both proposals take into account the latest Recommendations of the Financial Action Task Force, and go beyond such recommendations in a number of fields in an attempt to promote the highest standards for anti-money laundering and counter terrorism financing. In particular, both proposals provide for a more targeted and focused risk-based approach.

### ***Deposit Guarantee Schemes Directive***

The European Commission and European Parliament are currently drafting a proposal for a revision of the Deposit Guarantee Scheme (the "**DGS**") at a European level. The DGS guarantees repayment of certain client deposits held at European banks in the event of bankruptcy. The revision mainly deals with harmonisation and simplification of protected deposits, faster payout and improved financing of schemes (with the emphasis on ex-ante financing rather than ex-post financing). The precise details of this proposal are currently under negotiation between the EC and the European Parliament. On 15 March 2013, the European Council published the conclusions of its meeting held on 14 to 15 March 2013 in which the European Council stated that agreement on the Deposit Guarantee Scheme Directive must be reached before June 2013.

The EU proposals are similar to the proposed Dutch system (see below under Dutch Deposit Guarantee Scheme), although certain elements differ, for example inclusion of corporate deposits in the EU proposal. It is currently unclear what extra demands the EU proposals will place on Dutch banks in addition to those in the Dutch DGS.

## ***Bank Recovery and Resolution Directive***

In June 2012, the EC published proposals for a framework for the recovery and resolution of financial institutions. The proposals have a three pillar approach aimed at prevention, early intervention and resolution. The resolution pillar includes bail-in powers for regulators to write down debt of a failing bank (or to convert debt into equity). Other resolution powers include the sale of business, the temporary setting up of a bridge bank and transfer of assets to a bad bank. It is uncertain when and how these proposals will be adopted. However, in their current form, they could negatively affect the position of certain categories of the Issuer's bondholders and the credit rating attached to certain categories of debts instruments then outstanding, in particular if and when any of the above proceedings would be commenced against the Issuer. These measures could, among other things, increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's funding ability, financial position and results of operation.

## ***Single Supervisory Mechanism***

The European Commission has also recently proposed a plan to grant the European Central Bank ("ECB") responsibility for specific supervisory tasks related to financial stability of all eurozone banks (the "**single supervisory mechanism**"). Within this unified supervisory system, the ECB will initially have direct responsibility for approximately 150 banks across the euro zone. Among these approximately 150 banks are euro zone banks with assets exceeding EUR 30 billion, of which ABN AMRO is one. The ECB will be able to require such euro zone banks to take remedial action to ensure their viability and will be able to intervene to prevent breach of capital requirements.

## ***EMIR***

The European Market Infrastructure Regulation ("**EMIR**") aims to improve stability in the market for over-the-counter ("**OTC**") derivatives, by requiring OTC derivatives which are declared subject to a clearing obligation to be cleared through central counterparties ("**CCPs**"), and by requiring counterparties to implement certain risk mitigation requirements with respect to transactions in uncleared OTC derivatives. EMIR also requires all derivative transactions to be reported to registered trade repositories. The majority of its provisions are to be implemented through Level 2 technical standards, some of which are already in force while others are expected to become effective during 2013 or 2014.

EMIR will apply directly to any entity (financial or non-financial) established in the EU that has entered into a derivatives contract, and applies indirectly to non-EU counterparties trading with EU parties. Implementation of EMIR will increase the Issuer's reporting requirements on outstanding derivative contracts. Furthermore, certain types of OTC derivatives contracts will need to be cleared through a central counterparty. For contracts that are not centrally cleared, ABN AMRO will need to comply with certain operational risk management requirements, including the increased exchange of collateral.

## **Regulation and supervision in the Netherlands**

### ***General***

The Dutch regulatory system applicable to ABN AMRO is a comprehensive system based on the provisions of the Financial Supervision Act which came into effect on 1 January 2007. The

Financial Supervision Act sets out rules regarding prudential supervision (by DNB) and supervision of conduct (by the AFM). Prudential supervision focuses on the solidity of financial undertakings and contributes to the stability of the financial sector. Supervision of conduct focuses on orderly and transparent financial market processes, clear relations between market participants and due care in the treatment of clients (including supervision of the securities and investment businesses).

In addition to the supranational regulatory developments described above, the Dutch government and regulators have proposed a number of measures such as the introduction of a bank tax, an intervention act, a ban on referral fees and changes to the system of the Dutch Deposit Guarantee Scheme.

### ***Prudential Supervision***

Prudential supervision of credit institutions in the Netherlands is performed by DNB under the Financial Supervision Act. No enterprise or institution established in the Netherlands may pursue the business of a credit institution unless it has obtained prior authorization from DNB. Its supervisory activities under the Financial Supervision Act focus on supervision of solvency, liquidity and administrative organization, including risk management and internal control. If, in the opinion of DNB, a credit institution fails to comply with the rules and regulations regarding the above mentioned subjects, DNB will notify the credit institution and may give the credit institution certain instructions. If the credit institution does not respond to any such instructions to the satisfaction of DNB, DNB is allowed to exercise additional supervisory measures that may include the imposition of fines and revocation of licences.

Prudential supervision also oversees calculation of significant intra-group agreements, adjusted solvency, calculation of capital adequacy and significant risk concentrations. It also determines the models used by the financial undertakings to report the calculations to DNB. Furthermore, the regulation lays down reporting rules, for example reporting deadlines and reporting frequency.

The Financial Supervision Act provides that each supervised credit institution must submit periodic reports to DNB. In accordance with this requirement ABN AMRO Bank files quarterly and monthly reports with DNB. At least one submission for each given year must be certified by an external auditor. The report to be certified is selected by an external auditor at his or her discretion.

### ***Supervision by DNB***

DNB exercises monetary supervision, supervision with respect to the solvency and liquidity of credit institutions, supervision of the administrative organisation of credit institutions and structure supervision relating to credit institutions. To this end, DNB has issued the following general guidelines:

#### ***Solvency Supervision***

The legislative minimum solvency requirements require that a credit institution maintain its own funds in an amount equal to at least 8% of its risk weighted assets. DNB sets bank-specific minimum requirements which are non-public. DNB also imposes limitations on the aggregate amount of claims (including extensions of credit) a credit institution may have against one debtor or a group of related debtors.

### *Liquidity Supervision*

The guidelines of DNB relating to liquidity supervision require that a credit institution maintains sufficient liquid assets against certain liabilities of the credit institution. These guidelines impose additional liquidity requirements if the amount of liabilities of a credit institution with respect to one debtor or group of related debtors exceeds a certain limit.

### *Structural Supervision*

The Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*, “**Wft**”) provides that a credit institution must obtain a declaration of no objection from DNB before, among other things: (i) reducing its own funds by way of repayment of (regulatory) capital or distribution of reserves or making disbursements from the item comprising the code for general banking risks as referred to in section 2:424 of the Dutch Civil Code; (ii) acquiring or increasing a qualified holding in a bank, investment firm or insurer with its corporate seat in a state which is not part of the European Economic Area, or in a financial institution that has not obtained a supervisory status certificate, if the balance sheet total of that bank, investment firm or insurer at the time of the acquisition or increase amounts to more than 1 per cent. of the bank’s consolidated balance sheet total, (iii) acquiring or increasing a qualified holding in an enterprise, not being a bank, investment firm or insurer with its corporate seat in the Netherlands or in a state which is part of the European Economic Area or in a state which is not part of the European Economic Area, if the amount paid for the acquisition or increase, together with the amounts paid for a previous acquisition or increase of a holding in such enterprise, amounts to more than 1 per cent of the consolidated available equity capital of the bank, (iv) taking over all or a major part of the assets and liabilities of another enterprise or institution, directly or indirectly, if the total amount of the assets or the liabilities to be taken over amounts to more than 1 per cent. of the bank’s consolidated balance sheet total, (v) merging with another enterprise or institution, if the balance sheet total of the enterprise or institution involved in the merger exceeds 1 per cent of the consolidated balance sheet total of the bank referred to above, or (vi) proceeding with a financial or corporate reorganisation. For purposes of the Wft, qualified holding is defined to mean the holding, directly or indirectly, of an interest of more than 10 per cent. of the issued share capital or voting rights in an enterprise or institution, or a similar form of control.

In addition, any person is permitted to hold, acquire or increase a qualified holding in a credit institution, or to exercise any voting power in connection with such holding, only after such declaration of no objection has been obtained.

### *Emergencies*

The Wft contains an emergency regulation (*noodregeling*) which can be declared in respect of a credit institution by a Dutch court at the request of DNB if such credit institution is in a position which requires special measures for the protection of its creditors. As of the date of the emergency, only the court appointed administrators have the authority to exercise the powers of the representatives of the credit institution. Furthermore, the emergency regulation provides for special measures for the protection of the interests of the creditors of the credit institution. A credit institution can also be declared in a state of bankruptcy by the court.

### ***Dutch Intervention Act***

In anticipation of the EC proposal for a crisis management framework, the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*, the "**Dutch Intervention Act**") entered into force in June 2012 (with retrospective effect to January 2012). The Dutch Intervention Act provides a framework ensuring timely and orderly resolution of financial institutions in the event of serious problems, without the necessity to enter into bankruptcy proceedings. It grants substantial new powers to DNB and the Dutch Minister of Finance, enabling them to deal with ailing Dutch banks prior to insolvency. The Dutch Intervention Act empowers DNB or the Minister of Finance, as applicable, to commence proceedings leading to:

- transfer of all or part of the business (including deposits) of the relevant bank to a private sector purchaser;
- transfer of all or part of the business of the relevant bank to a “bridge bank”; and
- public ownership (nationalisation) of the relevant bank and expropriation of debt securities.

Subject to certain exceptions, once any of these proposed proceedings have been initiated by DNB or the Minister of Finance, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank.

On 1 February 2013, the Dutch Minister of Finance announced the nationalisation of SNS Reaal N.V., acting under powers granted to him under the Dutch Intervention Act. A one-off resolution levy for all banks in the amount of EUR 1 billion was also proposed to be levied in 2014. The impact of this proposal on the results of ABN AMRO is currently estimated to be in the range of EUR 200-250 million (after tax) depending on the final details of the levy.

### ***Dutch Deposit Guarantee Scheme***

The Dutch government has announced the introduction of a new financial levy intended to pre-fund the Dutch Deposit Guarantee Scheme. This scheme guarantees client deposits at Dutch banks up to a maximum amount of EUR 100,000 in the event of bankruptcy. The duty will be levied on risk-bearing liabilities that fall under the Deposit Guarantee Scheme. The levy was initially planned to come into force on 1 July 2013. However, the Ministry of Finance has suggested in its letter to Parliament in connection with the nationalisation of SNS Reaal N.V. on 1 February 2013 that effectiveness be postponed for another two years. Under the new Deposit Guarantee Scheme, banks will be required to pay a quarterly contribution into a fund for the Deposit Guarantee Scheme. If the scheme is invoked, the fund will pay out. If the fund is insufficient, the costs arising from the shortfall will be divided among the banks in line with the present system. The new pre-funding system is expected to increase ABN AMRO's expenses for the Deposit Guarantee Scheme.

### ***Mortgage Lending Rules***

A number of rules and regulations applying to the Dutch mortgage market entered into force in January 2013. These include tax deductibility of interest payments. To be eligible for tax deductibility, new mortgage loans must be redeemed fully (100%) during the term of the loan

based on an annuity or linear scheme. Existing mortgage loans are not impacted. However, for all mortgage loans, new and existing, tax deductibility will be gradually reduced in the next 28 years from a maximum of 52% to a maximum of 38%. This will most likely lead to a gradual decrease over the coming years of the amount of interest-only mortgages in the ABN AMRO's portfolio.

The new rules also impose a gradual decrease in the maximum loan-to-value rate. The loan-to-value rate will decrease (in principle) from 105% as per 1 January 2013 to 100% as per 1 January 2018. Furthermore, the maximum loan amount for government-guaranteed mortgage loans will be reduced from EUR 320,000 to EUR 290,000 as from 1 July 2013 and is expected to be capped at lower levels going forward, to arrive at the former level of EUR 265,000 in July 2014. In addition, the interest-only component of a mortgage loan may not exceed 50% of the market value of the property.

The rest should include some form of redemption or mortgage-linked savings/investment products. Separately, the government has lowered the transfer tax on house purchases from 6% to 2% to stimulate the housing market. To promote competition in the mortgage market, new transparency rules have been introduced. These rules require mortgage lenders to publish their fees on their websites and to provide specific information on offers and renewal offers to new and existing clients.

#### ***Ban on referral fees and bonuses***

On 1 January 2013, the Dutch government introduced a ban on referral fees relating to specific complex financial products or significant household financial decisions, such as mortgages, life insurance and pension insurance. The goals are to increase transparency for consumers and ensure that the interests of consumers and their advisors are aligned. Financial advisors will be required to provide transparency related to costs, terms of service and relations with relevant third parties and referral fees will no longer be payable.

A similar ban on referral fees has been announced by the Dutch Ministry of Finance in relation to certain investment services, in particular (i) individual portfolio management, (ii) investment advice and (iii) execution-only services, all in relation to financial instruments. The prohibition would for instance affect current inducement fees paid by investment funds to distributors. Under the new rules, only the client itself would be allowed to pay commissions to the investment services provider. The Ministry announced that this ban should become effective by 1 January 2014.

The Dutch government has introduced new rules restricting the payment of bonuses by financial institutions that receive State support. The rules target both companies that will receive state support in the future as well as companies that have received state support in the past. The rules include a ban on performance-related variable remuneration (i.e. bonuses) as well as restrictions on other parts of the remuneration paid to managing directors and/or to persons determining the day-to-day policy of the financial institution. The new rules also apply to institutions that do not receive state aid directly but are part of a state-aided group.

#### ***Conduct of business supervision***

The Financial Supervision Act provides a comprehensive framework for the conduct of securities trading in or from the Netherlands. The body responsible for carrying out conduct of business supervision in the Netherlands is the AFM.

Conduct-of-business supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial undertakings in dealing with clients.

### ***Dutch bank tax***

In 2011, the Dutch government announced its intentions to introduce a bank tax. According to the government, the main purpose of this bank tax is to price in the implicit government guarantee for the Dutch banking sector. An act to introduce the bank tax in the Netherlands entered into force in 2012. Since the original proposal, the tax rates have been increased such that the anticipated annual revenue generated by the bank tax from Dutch banks will increase from EUR 300 million to EUR 600 million.

Due to the introduction of the bank tax, ABN AMRO incurred a EUR 112 million surcharge in 2012, increasing expenses and the cost/income ratio. This measure will lead to costs in subsequent years.

### ***Systemically Important Financial Institutions***

In September 2012, the Dutch legislator published a consultation document on additional capital buffers for system-relevant banks and investment firms. The consultation document anticipates a gradual introduction of CRD IV (which include national discretions to impose (temporary) additional systemic risk buffers) into Dutch law. According to the document, the Dutch central bank is to determine the amount of the systemic risk buffer depending on the likelihood of an institution's situation disrupting the stability of the Dutch financial system.

This could lead to additional Tier 1 capital add-ons of 1-3% relative to risk-weighted assets. It is expected that the relevant additional buffers will need to be accrued from 2016 onwards and fully implemented by the end of 2018. ABN AMRO was designated as a systemically important financial institution in 2011.

### ***Regulation in the rest of the world***

ABN AMRO's operations elsewhere in the world are subject to regulation and control by local supervisory authorities, and its offices, branches and subsidiaries in such jurisdictions are subject to certain reserve, reporting and control and other requirements imposed by the relevant central banks and regulatory authorities.

### ***Dodd Frank Act***

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") was passed into US law on 21 July 2010. The Dodd-Frank Act has been hailed as the most sweeping financial services regulatory reform legislation in the US since 1933. The legislation covers a broad spectrum of issues ranging from systematic supervision, changes to the regulation of investment advisors and regulation of over-the-counter (OTC) derivatives, to measures aimed at improving consumer protection. Most of the impact on ABN AMRO's businesses is expected to result from the rules on OTC derivatives that are primarily used in the Markets business. For example, various provisions, such as mandatory clearing of swaps, trade execution through swap execution facilities, and reporting of OTC derivatives, will apply to the Issuer when transacting



with US persons. Other provisions will apply only if ABN AMRO is required to register as a swap entity with the applicable US regulator.

Currently, there are two main regulatory agencies that are expected to issue further implementing rules: the U.S. Commodity Futures Exchange Commission ("**CFTC**") and the Securities and Exchange Commission ("**SEC**"). The CFTC has issued almost all of its rules and regulations, while the SEC has not. The major remaining outstanding rules of the CFTC are those relating to capital of registered swap entities, swap execution facilities and uncleared swap margins. Furthermore, the cross-border application of the rules on OTC derivatives has not been finalised. Based on the information gathered to date, the Issuer has not registered as a swap dealer with the CFTC. The SEC has not published registration rules and as of year-end 2012, there was no registered swap entity for those derivatives under its jurisdiction. The Issuer is monitoring legal developments and OTC derivatives volumes to determine the need for registration.

### ***FATCA***

The Foreign Account Tax Compliance Act ("**FATCA**") was enacted by US authorities in March 2010. The objective of FATCA is to increase the ability to detect US persons evading tax by holding accounts with so-called Foreign Financial Institutions ("**FFIs**"). FATCA imposes a maximum 30% withholding tax on all US source payments to an FFI unless the FFI complies with client due diligence and certain reporting and withholding requirements. An FFI can be FATCA compliant by entering an FFI Agreement directly with the US tax authorities or by way of operating in a jurisdiction where the local Government has concluded an Inter-governmental Agreement with the US to facilitate the implementation of FATCA ("**IGA**"). In such an IGA jurisdiction, a local government has entered into an agreement with the United States to implement FATCA and the FATCA obligations are incorporated into local law.

The first major milestone for FATCA compliance is scheduled for 1 January 2014. ABN AMRO intends to become FATCA compliant, and expects FATCA to have an impact on client onboarding processes, client administration and reporting systems. In addition, clients may receive requests to provide additional or updated information and documentation.

## **1.7 Legal and arbitration proceedings**

ABN AMRO is involved in a number of governmental, legal and arbitration proceedings in the ordinary course of its business in a number of jurisdictions, including those set out in this section. However, on the basis of information currently available, and having taken legal counsel with advisors, ABN AMRO is of the opinion that it is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ABN AMRO or the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of ABN AMRO, the Issuer and/or its subsidiaries.

### ***Settlement with Ageas***

In 2009, Ageas initiated legal proceedings against ABN AMRO Capital Finance Ltd, ABN AMRO Bank and the Dutch State claiming EUR 363 million compensation for which Ageas was liable on the cash settlement date. Furthermore, on 7 December 2010 and in accordance with the transaction documentation, the EUR 2 billion of 8.75% Mandatory Convertible Securities

converted into ordinary Ageas shares and the final (semi-annual) coupon was paid. Ageas claimed it was entitled to receive EUR 2 billion of ABN AMRO ordinary shares by way of compensation. On 28 June 2012, however, ABN AMRO Group N.V., ABN AMRO Bank and Ageas agreed to settle all disputes, including the proceedings initiated by Ageas regarding the two aforementioned claims, between ABN AMRO Group N.V., ABN AMRO Bank, the Dutch State and Ageas in relation to the equity transactions which resulted in the takeover of the Dutch activities of the former Fortis group by the Dutch State on 3 October 2008. Previously, the EUR 2.0 billion liability resulting from the MCS was retained in the balance sheet, of which EUR 1.75 billion continued to qualify as Tier 1 capital. Under IFRS this obligation was required to be classified as a liability instead of equity since the number of shares to be issued by ABN AMRO, if any, for the conversion of the liability was unclear as the contract did not stipulate a fixed amount of shares to be delivered. After the settlement, core Tier 1 capital increased by EUR 1.6 billion, being the sum of the EUR 2.0 billion liability and the one-off settlement amount of EUR 400 million as paid by ABN AMRO to Ageas. As a result, Tier 1 and total capital decreased by EUR 150 million.

The MCS-related Hedge Fund Claims of EUR 1.75 billion plus 8.75% coupon until 7 December 2030 are not included in the settlement. The related proceedings initiated by certain hedge funds in Belgium against the four issuers of the MCS are still pending. On 23 March 2012, the Commercial Court in Brussels (Belgium) rejected all claims of the hedgefunds. This verdict underlines the verdict in the summary proceedings (*kort geding*) of November 2010 that the MCS holders could not unilaterally amend the terms and conditions of the contract. Certain hedge funds have filed an appeal against the verdict. ABN AMRO remains confident that the MCS holders do not have the unilateral power to amend the terms and conditions of the MCS and therefore also continues to be positive about the outcome of the appeal proceedings.

### ***Madoff fraud***

ABN AMRO Bank, certain of its subsidiaries and some of their client funds had exposure to funds that suffered losses (in some cases, significant losses) as a result of the Madoff fraud. In some instances, ABN AMRO Bank and/or a subsidiary made collateralised loans to client funds that had indirect exposure to Bernard L. Madoff Investment Securities ("**BLMIS**"). In other instances, a subsidiary of ABN AMRO Bank entered into total return swap transactions with client funds that were indirectly exposed to BLMIS, and also purchased reference portfolio interests in funds that were exposed to BLMIS. If those BLMIS exposed funds remain impaired, ABN AMRO Bank estimates that its and its subsidiaries' losses could amount to EUR 922 million as provisionally provided for in 2008. In addition, certain subsidiaries of ABN AMRO Bank provided other services (including custodial and administration services) to client funds that had exposure to BLMIS. The provision of the custodial services has resulted in a number of legal claims, including by BLMIS' trustee in bankruptcy (Irving Picard), and liquidators of certain funds, as they pursue legal actions in attempts to recover payments made as a result of the Madoff fraud and/or to make good their alleged losses. ABN AMRO Bank subsidiaries are defending themselves in these proceedings to which they are defendants. In light of the preliminary status of those claims and other arrangements that may mitigate litigation exposure, it is not possible to estimate the total amount of ABN AMRO Bank subsidiaries' potential liability, if any. ABN AMRO Bank and its relevant subsidiaries are continuing to investigate and implement strategies for recovering the losses suffered. As previously reported, a total amount of EUR 16 million (exclusive of costs) was recovered in the first half of 2009. In 2012, ABN AMRO was able to sell a number of shares that were provided to it as collateral in the context of the collateralised loans

referred to above. This sale resulted in proceeds of approximately EUR 78 million (2011: EUR 52 million) and an equivalent amount provided for in 2008 was subsequently released.

## **1.8 Recent Developments**

### ***Dividend***

ABN AMRO announced on 4 March 2011 that, in consultation with the Dutch State, it had established a dividend policy that targets in principle a dividend payout of 40% of the reported annual profit. In its 2012 Annual Report, ABN AMRO Group N.V. announced a temporary reduction of the payout ratio. Over the coming years, the targeted payout ratio is expected to gradually increase again to 40% payout over the 2015 year-end profit. ABN AMRO intends to only make an interim dividend payment if the interim results allow for such a payment.

### ***SNS Reaal***

On 1 February 2013, the Government of the Netherlands announced the nationalization of SNS Reaal N.V. The Government of the Netherlands also announced the proposal of a EUR 1 billion one-off resolution levy for all banks to be levied in 2014. The impact of this proposal on the results of ABN AMRO is currently estimated to be in the range of EUR 200 million to EUR 250 million (net-of-tax), depending on the final details of the levy. ABN AMRO will further assess the financial impact of the levy (exact amount and timing of recording) as soon as more details become available.

### ***Repurchase of EUR 210 million preference shares***

On 11 March 2013, ABN AMRO Group N.V. exercised the call option to repurchase EUR 210 million preference shares in the share capital of ABN AMRO Group N.V. held by ABN AMRO Preferred Investments B.V. in accordance with the announcement made on 1 March 2013. The transaction was settled that same day. ABN AMRO Group N.V. cancelled the repurchased shares in May 2013. These class A non-cumulative preference shares were already excluded from ABN AMRO's regulatory capital position. The exercise of the call therefore has no impact on the capital ratios reported per 31 December 2012. The repurchase of the preference shares resulted in a simplification of the shareholder structure of ABN AMRO Group N.V. As a result of the transaction, NLF I is the sole shareholder of ABN AMRO Group N.V. by holding all ordinary shares in its share capital.

### ***Lower Tier 2 notes***

The call and coupon ban on existing capital instruments as imposed by the European Commission has expired on 11 March 2013. On 20 February 2013, ABN AMRO announced that following the expiration of the ban, it will, as part of normal management activities, exercise its early redemption rights on certain Tier 2 instruments<sup>7</sup> in full at the time of the next interest payment dates in accordance with the relevant terms and conditions.

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<sup>7</sup> The ISIN numbers of the relevant series of instruments are XS0221514879, XS0233906121, XS0233907442, XS0282833184, XS0233906550, XS0267063435 and XS0256778464.

***Tender offer on government guaranteed notes***

On 17 May 2013, ABN AMRO announced a cash tender on any and all of the notes to the holders of the EUR 2,500,000,000 3.375% Senior Fixed Rate Guaranteed Notes due May 2014 (ISIN XS0428611973). The settlement is scheduled to take place no later than 30 May 2013.

## 2 SHAREHOLDER, GROUP AND CONTROL

### 2.1 Shareholder

ABN AMRO Group N.V. is ABN AMRO Bank's sole shareholder. ABN AMRO Bank is the only direct subsidiary of ABN AMRO Group N.V. and ABN AMRO Group N.V. has no significant activities other than holding the shares in ABN AMRO Bank.

As of the date of this Base Prospectus, all shares in the capital of ABN AMRO Group N.V. are held by *Stichting administratiekantoor beheer financiële instellingen* (trade name NL Financial Investments, "**NLFI**"). All class A non-cumulative preference shares in the capital of ABN AMRO Group N.V. were repurchased by ABN AMRO Group N.V. in March 2013 and cancelled in May 2013. NLFI holds a total voting interest of 100% in ABN AMRO Group N.V. NLFI is responsible for managing the shares in ABN AMRO Group N.V. and exercising all rights associated with these shares under Dutch law, including voting rights. Material or principal decisions require the prior approval of the Dutch Minister of Finance, who can also give binding voting instructions with respect to such decisions. NLFI is not permitted to dispose of or encumber the shares, except pursuant to an authorization from and on behalf of the Dutch Minister of Finance.

NLFI issued exchangeable depositary receipts for shares (without the cooperation of ABN AMRO Group N.V.) to the Dutch State. As sole holder of all issued exchangeable depositary receipts, the Dutch State holds an indirect economic interest of 100% in ABN AMRO Group N.V.

### 2.2 Group Governance

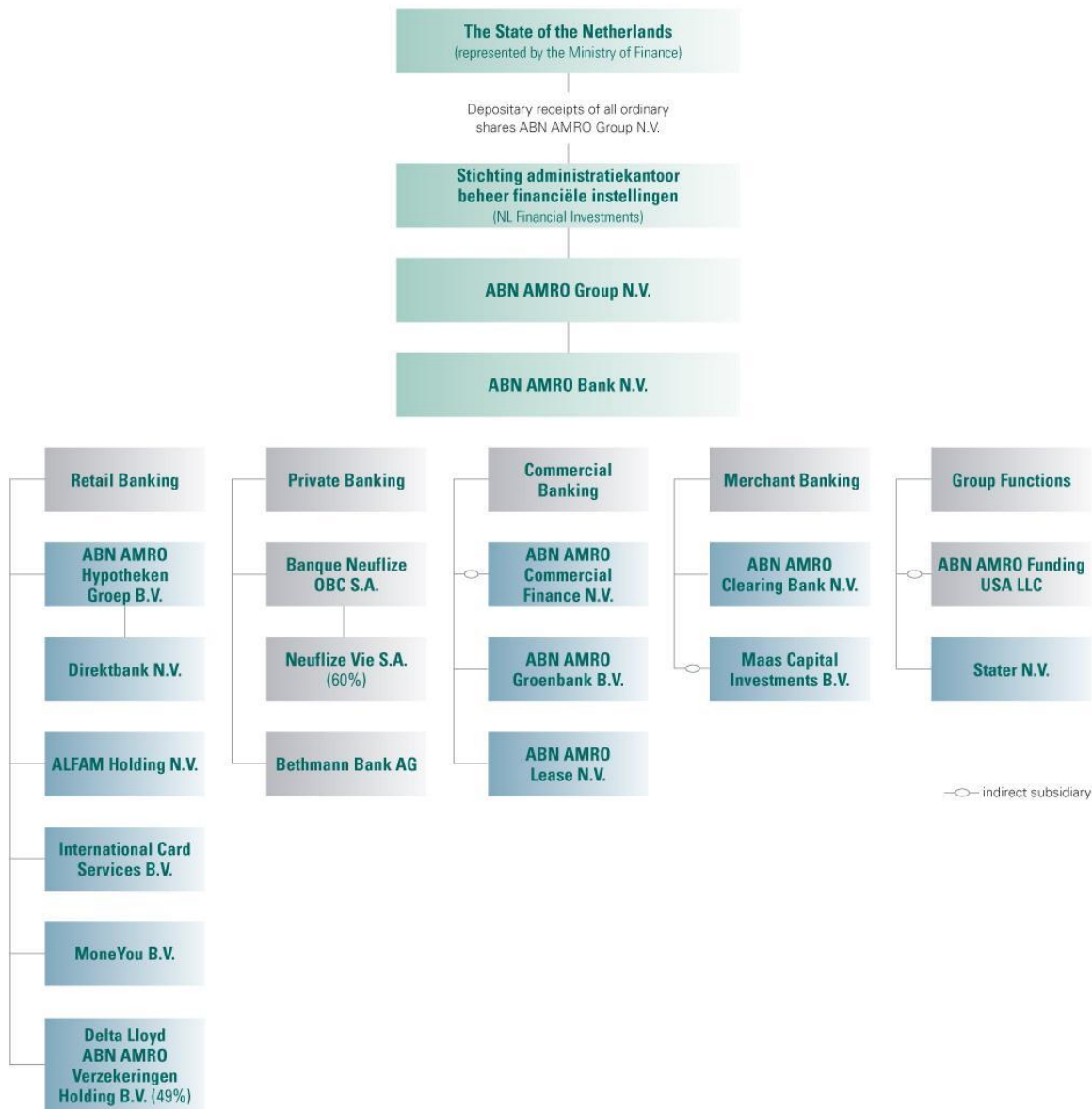
ABN AMRO Group N.V. is a public company with limited liability incorporated on 18 December 2009 under the laws of the Netherlands. The company has a two-tier board consisting of a Supervisory Board and a Managing Board. As noted in "*The Issuer—Management and Governance*", the memberships of the Supervisory Boards of ABN AMRO Group N.V. and ABN AMRO Bank are the same as are the memberships of the Managing Boards of ABN AMRO Group N.V. and ABN AMRO Bank and the committees of these boards.

### 2.3 Structure

Set out below is a diagram of the legal structure of ABN AMRO Bank and its main direct and indirect subsidiaries as at the date of this Base Prospectus:

## Legal structure

### Global structure of ABN AMRO



## 2.4 Control

Until 29 September 2011, the Dutch State had direct control over ABN AMRO, however, the Dutch State was not involved in the day-to-day management of ABN AMRO. On 29 September 2011, all shares in the capital of ABN AMRO Group N.V. held by the Dutch State were transferred to NFLI, as described above. The Dutch State has announced that it does not expect to dispose of its interest in ABN AMRO before 2014. While it retains all options, the Dutch State has indicated that it favours an initial public offering.

In the fall of 2012, the Dutch Minister of Finance stated that the NLFI has been asked to deliver an update on the exit strategy of ABN AMRO. At the date hereof, that update has not yet been published. NLFI is responsible for managing the shares in ABN AMRO Group N.V. and exercising the rights associated with these shares under Dutch law, including voting rights. Moreover, material or principal decisions require the approval of the Dutch Minister of Finance, who will also be able to provide binding voting instructions with respect to such decisions. NLFI's objectives exclude disposing of or encumbering the shares, except pursuant to an authorisation from and on behalf of the Dutch Minister of Finance.

On 11 March 2013, ABN AMRO Group N.V. exercised the call option to repurchase EUR 210 million preference shares in the share capital of ABN AMRO Group N.V. held by ABN AMRO Preferred Investments B.V. in accordance with the announcement made on 1 March 2013. The transaction was settled that same day. ABN AMRO Group N.V. cancelled the repurchased shares in May 2013. These class A non-cumulative preference shares were already excluded from ABN AMRO's regulatory capital position. The exercise of the call therefore has no impact on the capital ratios reported per 31 December 2012. The repurchase of the preference shares resulted in a simplification of the shareholder structure of ABN AMRO Group N.V. As a result of the transaction, NLFI is the sole shareholder of ABN AMRO Group N.V. by holding all ordinary shares in its share capital.

The depositary receipts for the shares in the capital of ABN AMRO Group N.V. have been issued without its cooperation. As a matter of Dutch law, the Dutch State, as the holder of the depositary receipts, will not have certain statutory rights applicable had the depositary receipts been issued with the cooperation of ABN AMRO Group N.V., including the general right to attend and speak at shareholders' meetings. This is in keeping with the intended commercial, non-political management of the shares. The general terms of administration (*administratievoorwaarden*) provide for the exchangeability of the depositary receipts into ordinary shares in anticipation of the exit of the Dutch States as a shareholder of ABN AMRO Group N.V.

The Minister of Finance remains responsible for selling the shares held by NFLI. NFLI's objects therefore exclude disposing of and encumbering the shares, except pursuant to authorization from the Minister of Finance. One of NFLI's objects is to advise the Minister of Finance on the Dutch State's sale of the shares (the "**exit strategy**").

In addition, pursuant to the articles of association of NFLI, the Minister of Finance establishes the conditions for administration and custody of the shares. Any principal and material decisions of NFLI require the prior approval of the Minister of Finance. The Minister of Finance is able to provide binding voting instructions with respect to material and principal decisions.

## **2.5 403 Statement**

On 1 April 2010, ABN AMRO Group N.V. issued a statement of joint and several liability within the meaning of Article 403, subsection 1, paragraph f, Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*), (the "**403 Declaration**") in relation to ABN AMRO Bank. Pursuant to the 403 Declaration, ABN AMRO Group N.V. is jointly and severally liable with ABN AMRO Bank for debts resulting from legal acts of it.

The 403 Declaration is part of the Dutch company law provisions designed to enable subsidiaries of parent companies which publish consolidated annual accounts to obtain an exemption from the

requirements to separately publish their own annual accounts. One of the conditions for obtaining such exemption is that a 403 Declaration is issued by the parent company and deposited with the Commercial Register of the Chamber of Commerce in the place where the subsidiary is established. The statutory provisions relating to 403 Declarations are contained in Article 2:403 and following of the Dutch Civil Code.

The 403 Declaration may provide limited economic benefit or recourse to investors. The 403 Declaration constitutes a guarantee by ABN AMRO Group N.V. for Notes issued by ABN AMRO Bank. If ABN AMRO Bank should default, creditors impacted by such default, including holders of the Notes, may claim against ABN AMRO Bank and/or ABN AMRO Group N.V. as the guarantor. The obligation of ABN AMRO Group N.V. under the 403 Declaration is unconditional and is not limited in amount or by the type of ABN AMRO Bank obligation resulting from its legal acts. However, a legal defence available to ABN AMRO Bank against a creditor of ABN AMRO Bank would likewise be available to ABN AMRO Group N.V. as well. Furthermore, since ABN AMRO Group N.V. is a holding company with no significant activities of its own, it would have to look at its operating subsidiaries to satisfy a claim brought against it by a holder of a Note or any other creditor of ABN AMRO Bank on the basis of the 403 Declaration. Finally, ABN AMRO Group N.V. may revoke the 403 Declaration at any time, including with retroactive effect subject to certain criteria.

## **2.6 Share capital of ABN AMRO Group N.V. and ABN AMRO Bank**

The authorized share capital of ABN AMRO Group N.V. amounts to EUR 3,751 million, divided into 3,750 million ordinary shares of EUR 1 each and 100 million class B ordinary shares of EUR 0.01 each.

The issued and paid-up share capital of ABN AMRO Group N.V. is EUR 940,000,001, consisting of 940,000,001 ordinary shares of EUR 1 each.

The authorized and issued share capital (ordinary and preference shares) and share premium reserve were impacted by the conversion of the EUR 2 billion liability resulting from the MCS into equity (see “—*ABN AMRO Bank N.V.—Legal and arbitration proceedings—Settlement with Ageas*”). In connection with the Ageas settlement, ABN AMRO Group N.V. issued one class A ordinary share (nominal value of EUR 1.00) to NLFI in June 2012.

The 2012 movements in Share Capital and Share premium were all due to the conversion of the Mandatory Convertible Securities and the settlement with Ageas.

On 11 March 2013, ABN AMRO Group N.V. exercised the call option to repurchase EUR 210 million preference shares in the share capital of ABN AMRO Group N.V. held by ABN AMRO Preferred Investments B.V. in accordance with the announcement made on 1 March 2013. The transaction was settled that same day. ABN AMRO Group N.V. cancelled the repurchased shares in May 2013. These class A non-cumulative preference shares were already excluded from ABN AMRO's regulatory capital position. The exercise of the call therefore has no impact on the capital ratios reported per 31 December 2012. The repurchase of the preference shares resulted in a simplification of the shareholder structure of ABN AMRO Group N.V. As a result of the transaction, NLFI is the sole shareholder of ABN AMRO Group N.V. by holding all ordinary shares in its share capital.



ABN AMRO Bank's authorised capital amounts to EUR 2,000,000,000 and is divided into 2,000,000,000 ordinary shares of EUR 1 (one euro) each. The issued and paid capital amounts to EUR 800,000,000.

### 3 MANAGEMENT AND GOVERNANCE

ABN AMRO Group N.V. is a public company with limited liability incorporated on 18 December 2009 under the laws of the Netherlands. The company has a two-tier board governance consisting of a Supervisory Managing Board and a Managing Supervisory Board. As noted above and in "*The Issuer—Management and Governance*", the memberships of the Supervisory Boards of ABN AMRO Group and ABN AMRO Bank are the same, as are the memberships of the Managing Boards of ABN AMRO Group and ABN AMRO Bank and the committees of these boards.

#### 3.1 Supervisory Board of ABN AMRO Group N.V. and ABN AMRO Bank N.V.

##### Responsibilities of the Supervisory Board

ABN AMRO's supervisory board (the "**Supervisory Board**") supervises ABN AMRO's managing board (the "**Managing Board**"), as well as ABN AMRO's general course of affairs and its business. In addition, it is charged with assisting and advising management. In performing their duties, the members of the Supervisory Board are guided by the interests and continuity of ABN AMRO and its enterprise and take into account the relevant interests of ABN AMRO's stakeholders. Certain powers are vested with the Supervisory Board, including the approval of certain resolutions of the Managing Board.

In accordance with the best practice provisions of the Dutch Corporate Governance Code, Supervisory Board members at ABN AMRO are appointed for a maximum of three four-year terms. The current tenures of the members of the Supervisory Board will terminate in accordance with the retirement and reappointment schedule prepared by the Board.

##### Composition of the Supervisory Board

The following persons are appointed as members of the Supervisory Board, together with an indication of their principal activities outside of ABN AMRO<sup>8</sup>:

<u>Name</u>	<u>Appointment date</u>	<u>Positions held</u>	<u>Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO</u>
Hessel Lindenbergh, <i>Chair</i>	18 December 2009	<i>Last position:</i> Member of the Managing Board of ING Group	Chair of Supervisory Board, Bank voor de Bouwnijverheid N.V. (Bank for Construction Industry)  Chair of Supervisory Board, Agendia B.V.  Member of Supervisory Board, Doctors Pension Funds Services B.V.

<sup>8</sup> Except for their principal functions in ABN AMRO or its subsidiaries, directors' other functions within ABN AMRO or its subsidiaries have not been included. Each member of the Supervisory Board is also member of the Supervisory Board of ABN AMRO Group N.V.

			Member of Supervisory Board, Gamma Holding N.V.
			Member of Supervisory Board, Royal Haskoning DHV N.V.
			Member of Board, Stichting Continuïteit PostNL, Stichting Vopak, Stichting Preferente Aandelen (Foundation Preferred Shares) Wolters Kluwer, Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V.
Rik van Slingelandt, <i>Vice-Chair</i>	27 October 2010	<i>Last position:</i> Member of the Managing Board of Rabobank	Supervisory Director, Kahn Scheepvaart B.V.
			Member of Board, Stichting Neijenburg
			Chair, Save the Children Fund Nederland
Hans de Haan	18 December 2009	<i>Last position:</i> Chartered accountant and partner with Ernst & Young Accountants	Member of Board, Stichting (Foundation) Trustee Achmea Hypotheekbank
			Trustee in the bankruptcy of Van der Hoop Bankiers N.V.
			Member of Board, Stichting Lehman Brothers Treasury Co B.V.
Steven ten Have	30 March 2010	<i>Current position:</i> Partner with Ten Have Change Management and professor of Strategy & Change at Vrije Universiteit in Amsterdam	Chair of Supervisory Board, Cito B.V.
			Vice-Chair of Supervisory Board, Stichting Cito Instituut voor Toetsontwikkeling (Foundation Cito Institute for Educational Testing Development)
			Chair, Postgraduate Study in Change Management, Vrije Universiteit, Amsterdam
			Member of Board, Stichting INK (Instituut Nederlandse Kwaliteit) (Foundation Institute for Netherlands Quality)
			Chair, Foundation Center for Evidenced Based Management
Bert Meerstadt	30 March 2010	<i>Current position:</i> Chairman of the Board of N.V. Nederlandse Spoorwegen (Netherlands Railways)	Member of Supervisory Board, Lucas Bols
			Member of Board, VNO-NCW
			Chair of Board, Friends of Concertgebouw and Royal Concertgebouw orchestra
			Chair of Marketing Advisory Board

			Rijksmuseum
			Chair of Society for Prevention and Rescue of Drowning Victims
			Chair of Board Blinden-Penning Foundation for the Blind and Visually Impaired
Marjan Oudeman	1 April 2010	<i>Current position:</i> Member of Executive Committee of AKZO Nobel N.V.	Member of Supervisory Board, N.V. Nederlandse Spoorwegen (Netherlands Railways)
			Member of Board of Directors, Statoil ASA
			Member of Supervisory Board, Platform Bèta Techniek
			Member of Supervisory Board, Rijksmuseum
			Member of Board of Directors, Concertgebouw Foundation
			Governor of the Nationaal Comité 4 en 5 mei (the National Committee 4 and 5 May Foundation)
Annemieke Roobeek	30 March 2010	<i>Current position:</i> Professor of Strategy and Transformation Management (Nyenrode University) and director and owner of MeetingMoreMinds and Open Dialogue B.V.	Member and Treasurer, NexusLabs Foundation – Where innovation means business
			Member of Supervisory Board, KLM N.V.
			Member of Supervisory Board, RAI Amsterdam Exhibition Centers
			Member of Supervisory Board, Abbott Healthcare Products B.V.
			Member of the Supervisory Board of DIGH (Stichting Dutch International Guarantees for Housing)
			Member Advisory Board Koninklijke Horeca Nederland
			Member PGGM Advisory Board for Responsible Investment
			Chairperson of Netherlands Center for Science and Technology (NCWT) and Science Center NEMO, Amsterdam
			Chairperson of INSID, Institute for sustainable innovation & development by His Royal Highness Prince Carlos de Bourbon Parma
			Chairperson REFILL (Vereniging voor innovatieve en duurzame oplossingen tegen

			kantorenleegstand)
			Member of Board, Foundation of the Medical Centre of the Vrije Universiteit, Amsterdam
			Member Raad van Eigen Wijzen CPI Governance
			Member, Siruis Leading Expert for Excellence in Higher Education (on behalf of Dutch Ministry of OC&W)
Peter Wakkie	18 December 2009	<i>Current position:</i> Partner at law firm Spinath & Wakkie B.V.	Vice-Chair of Supervisory Board, Wolters Kluwer N.V.
			Member of Supervisory Board, TomTom N.V.
			Member of Supervisory Board, BCD Holdings N.V.
			Member of Board, Vereniging (Association) Corporate Litigation
			Member of Board, VEUO
			Member, Monitoring Committee Corporate Governance Code

## Activities of the Supervisory Board

The Supervisory Board of ABN AMRO has three committees:

### *Audit Committee*

The Audit Committee is tasked with direct supervision of all matters relating to the bank's financial strategy and performance, including selection of and relationship with the external auditor, the effectiveness of the accounting systems, financial disclosures and relation aspects of internal risk management and internal control. The committee consists of Hans de Haan (Chair), Hessel Lindenberg, Bert Meerstadt and Rik van Slingelandt.

### *Remuneration, Selection & Nomination Committee*

The responsibilities of the Remuneration, Selection & Nomination Committee include preparation of the selection, nomination and re-nomination of the members of the Supervisory and Managing Boards. To this end, the committee is involved in drafting selection criteria and appointment procedures, and in preparing and periodically reviewing succession plans of these Boards. The committee periodically assesses the performance of the members of both Boards. Its remuneration-related tasks include advising the Supervisory Board on remuneration for members of the Managing Board and advising on remuneration for members of the Managing Board and advising on remuneration of selected members of senior management responsible for the control functions and reward policies for other Identified Staff.

## ***Risk & Capital Committee***

The Risk & Capital Committee advises the Supervisory Board on subjects relating to risk management and risk control and prepares the Supervisory Board's decision-making in these areas. The committee is in charge of the annual approval of the bank's risk appetite; the periodical profile; the assessment of its risk management functions and the testing of its risk framework. The committee is also tasked with supervision of the bank's capital and liquidity position and its funding. The committee periodically discusses legal and compliance-related matters. The committee consists of Rik van Slingelandt (Chair), Hans de Haan, Hessel Lindenberg, Annemieke Roobeek and Peter Wakkie.

### **3.2 Managing Board of ABN AMRO Group N.V. and ABN AMRO Bank N.V.**

#### **Responsibilities of the Managing Board**

The members of the Managing Board collectively manage ABN AMRO and are responsible for its strategy, structure and performance. In carrying out their duties, the members of the Managing Board are guided by the interests and continuity of ABN AMRO and its businesses taking into due consideration the interests of all of ABN AMRO's stakeholders, such as its clients and employees, its shareholders and society at large. The Managing Board is accountable for the performance of its duties to the Supervisory Board and the General Meeting of Shareholders. The Managing Board has installed a number of committees that are responsible for decision-making on certain subjects and advising the Managing Board on certain matters.

Managing Board members are appointed for a period of four years and may be reappointed for a term of four years at a time. In respect of best practice provision II.1.1 of the Dutch Corporate Governance Code, all members of the Managing Board of ABN AMRO are deemed to have been appointed on 1 April 2010 immediately following the legal transfer of ABN AMRO Bank to ABN AMRO Group. The formal dates of appointment may relate to the incorporation of ABN AMRO Group and as such may differ slightly. The current tenures of all members of the Managing Board will therefore terminate at the Annual General Meeting of Shareholders of ABN AMRO Group in 2014.

#### **Composition of the Managing Board**

<b>Name</b>	<b>Date of Appointment</b>	<b>Principal activities<sup>(1)</sup> performed by them outside ABN AMRO which are significant with respect to ABN AMRO</b>
Gerrit Zalm, <i>Chairman</i>	1 April 2010	Non-executive Director, Royal Dutch Shell  Chairman Advisory Council, "Wigo-4it", a cooperative effort of the social welfare organisations of the four largest cities in the Netherlands

<sup>(1)</sup> Except for their principal functions in ABN AMRO Bank or its subsidiaries, directors' other functions within ABN AMRO Bank or its subsidiaries have not been included. Each member of the Managing Board is also member of the Managing Board of ABN AMRO Group N.V.

Jan van Rutte, <i>Vice-Chairman &amp; CFO</i>	18 December 2009	Member of Board, Dutch Banking Association
		Member of Board, Holland Financial Centre
		Member of Board, Duisenberg School of Finance
		Member of Supervisory Board, Ormit
		Member of Supervisory Board, Koninklijk Schouwburg, Den Haag (Royal Theatre, The Hague)
		Member of Board, ABN AMRO Foundation
		Member Curatorium VU Amsterdam, PGO Financial Professional in Banking
Johan van Hall, <i>Chief Operating Officer</i>	18 December 2009	Member of Supervisory Board, Equens SE (pan-European processor of payments and cards)
		Member of Board, Nyenrode Europe India Institute
		Chairman, Foundation ABN AMRO Support for Support
Caroline Princen, <i>Integration, Communication &amp; Compliance Officer</i>	1 April 2010	Member of Supervisory Board, Utrecht University
		Member of Supervisory Board, EYE Film Institute
		Member of Supervisory Board, WIFS (Women in Financial Services)
		Chairman, ABN AMRO Foundation
Wietze Reehoorn, <i>Chief Risk Officer &amp; Strategy</i>	1 April 2010	Member of Supervisory Board, Amsterdam Bring City
		Member of Supervisory Board, The Royal Tropical Institute
		Member of Supervisory Board, Amsterdam Institute of Finance
		Member of Supervisory Board, Topsport Community
Chris Vogelzang, <i>Retail &amp; Private Banking</i>	1 April 2010	Member of the Board, Dutch Banking Association
		Member of the Board, Stichting Steun Emma Kinderziekenhuis (Foundation Support Emma Children's Hospital)
		Member of Board, Marketing Advisory Board Rijksmuseum
		Treasurer, Stichting Fotografiemuseum (FOAM)

		Member of Board, Stichting Verenging van de Effectenhandel
Joop Wijn, <i>Commercial &amp; Merchant Banking</i>	1 April 2010	Chairman of the Board, Oranje Fonds
		Member of the Supervisory Board, Schiphol Group
		Member of the Board, VNO-NCW
		Member of the Supervisory Board, Royal Jaarbeurs Utrecht
		Member of Supervisory Board, Stadsherstel Amsterdam
		Member of the Board, ICC Netherlands

On 1 June 2013, Kees van Dijkhuizen will join ABN AMRO as its new CFO, becoming a member of the ABN AMRO Managing Board on 1 May 2013. Jan van Rutte has decided to retire as of 1 June 2013.

Kees van Dijkhuizen has been Chief Financial Officer at NIBC Bank N.V. since December 2005 and became the company's Vice-Chairman in September 2009. Prior to his position at NIBC, he worked at the Dutch Finance and Economic Affairs ministries, most recently as Treasurer-General of the Dutch Ministry of Finance. Before that, he was Director-General of the State Budget. He has a degree in economics from VU University Amsterdam.

### 3.3 Conflict of interest and address information

There are no actual or potential conflicts of interest between the duties to ABN AMRO Group N.V. and/or ABN AMRO Bank of the members of the Managing Board and the Supervisory Board set out above and their private interests and/or duties which are of material significance to ABN AMRO Group N.V. and/or ABN AMRO Bank and any of such members.

The business address of the members of the Managing Board and the Supervisory Board is Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.



## 4. OPERATING AND FINANCIAL REVIEW

*The following discussion and analysis of ABN AMRO's results of operations and financial condition relates to ABN AMRO Group N.V.'s Consolidated Annual Financial Statements 2012 and 2011 (together the "Consolidated Annual Financial Statements"). This should be read, subject to the cautionary statements noted in "Risk Factors", in conjunction with the Consolidated Annual Financial Statements and the related notes and other financial information included elsewhere in this Base Prospectus.*

*The reported figures have been impacted by several items which are related to the demerger of ABN AMRO Bank from RBS N.V. and the separation of FBN from Fortis Bank SA/NV and the integration of ABN AMRO Bank and FBN. For a better understanding of underlying trends, the results of operations of ABN AMRO have been adjusted for these items where indicated (and presented as underlying results). The analysis in this Operating and Financial Review is based on the underlying results where indicated. Reconciliation of the reported and underlying results is presented where relevant.*

*The reported results for the years ended and as at 31 December 2012, 2011 and 2010 included in this Operating and Financial Review have been audited. Underlying results and reconciling items, where included, have been extracted from management accounts and have neither been audited or reviewed (as applicable).*

*Allocation of costs has been refined as from 2011, with the majority of the costs of Group Functions now allocated to the businesses. Comparison of the 2011 and 2010 results of the business segments is impacted by this change. Comparative figures have not been restated. Items not allocated to the businesses include operating results from ALM/Treasury, general restructuring charges, certain integration costs and costs for the Dutch Deposit Guarantee Scheme.*

*ABN AMRO is organised into Retail & Private Banking (R&PB), Commercial & Merchant Banking (C&MB) and Group Functions. For financial reporting purposes, based on the components of the business that management monitors in making decisions about operating matters, the Managing Board adopted in 2011 a further refinement of the segment reporting as follows: Retail Banking, Private Banking, Commercial Banking, Merchant Banking and Group Functions.*

*The Consolidated Annual Financial Statements are presented in euros, which is the presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise noted). Certain figures in this section may not add up exactly due to rounding. In addition, certain percentages in this section have been calculated using rounded figures.*

### 4.1 Presentation of Financial Information

#### Consolidated Annual Financial Statements 2012 and 2011

The Consolidated Annual Financial Statements 2012 and 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"), on a mixed model valuation basis as follows:

- Fair value is used for:
  - Derivative financial instruments;
  - Financial assets and liabilities held for trading or designated as measured at fair value through income;
  - Available-for-sale financial assets;
  - Investments in associates of a private equity nature.
- Other financial assets (including "loans and receivables") and liabilities are valued at amortized cost less any impairment if applicable;
- The carrying value of assets and liabilities measured at amortized cost included in a fair value hedge relationship is adjusted with respect to fair value changes resulting from the hedged risk;
- Non-financial assets and liabilities are generally stated at historical cost;
- Equity accounted investments are accounted for using the net equity method.

*Changes in accounting policies and new accounting standards and interpretations*

On 1 January 2012, ABN AMRO adopted IFRS 7 Financial Instruments: Disclosures – Transfer of Financial Assets. The amendments to IFRS 7 require additional information on transferred assets that are not derecognised in their entirety, and on transferred assets that are fully derecognised but where ABN AMRO has continuing involvement. This standard is applicable for annual periods beginning on or after 1 January 2012. The European Commission endorsed this standard in the fourth quarter of 2012.

On 1 January 2012, ABN AMRO adopted IAS 12 Income Taxes. The amendments to IAS 12 provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 Investment property. This standard is applicable for annual periods beginning on or after 1 January 2012. The European Commission endorsed this standard in the fourth quarter of 2012. This amendment did not have a material impact on ABN AMRO.

*New accounting standards and interpretations*

The following new or revised standards and interpretations were issued by the IASB, which become effective for ABN AMRO after 2012, if and when endorsed by the European Union:

- Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities, effective as of 2013;
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities, effective as of 2014;
- IFRS 10 Consolidated Financial Statements, effective within EU as of 2014;

- IFRS 11 Joint Arrangements, effective within EU as of 2014;
- IFRS 12 Disclosure of Interests in Other Entities, effective within EU as of 2014;
- Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition Guidance, effective as of 2014;
- Amendments to IAS 27 Separate Financial Statements, effective within EU as of 2014;
- Amendments to IAS 28 Investments in Associates and Joint Ventures, effective within EU as of 2014;
- Improvements to IFRSs (2009-2011), effective as of 2013.

Although these new requirements are still being analysed and the final impact is not yet known, ABN AMRO does not expect the adoption of these new or revised standards and interpretations to have a significant effect on the equity and/or result of ABN AMRO.

#### IAS 19 Employee Benefits

The amended IAS 19 states that changes in the defined benefit obligation and fair value of plan assets should be recognised in the period in which they occur. The ‘corridor’ method is eliminated and actuarial gains and losses and unrecognised past service costs are recognised directly in other comprehensive income. Because actuarial gains and losses are no longer deferred, both the net defined benefit liability or asset and the amounts recognised in profit or loss are affected.

The amended standard splits changes in the net defined benefit liability or asset into:

- service cost (including past service costs, curtailments and settlements) – in profit or loss;
- net interest costs (i.e. net interest on the net defined benefit liability) – in profit or loss;
- remeasurements – in other comprehensive income.

The amended IAS 19 is effective for periods beginning on or after 1 January 2013. ABN AMRO currently uses the ‘corridor’ method. If the amended standard had been applied in 2012, this would have had a negative impact (net of tax) of EUR 1,154 million on ABN AMRO’s total equity, based on the situation as at 31 December 2012, mainly due to the direct recognition of actuarial gains and losses. The actuarial gains and losses are highly volatile by nature. Furthermore, the profit would have been EUR 205 million higher (net of tax). Therefore, this amended standard has a significant impact on the financial position of ABN AMRO. This impact is disclosed in note 30.

#### IAS 1 Presentation of Financial Statements

The new amendment requires separation of items presented in other comprehensive income into two groups, based on whether or not they can be recycled into the income statement in the future. Items that will not be recycled in the future are presented separately from items that may be recycled in the future. The amendment will be adopted on 1 January 2013 and will be applied retrospectively. The application of this amendment impacts presentation and disclosures only.

#### IFRS 13 Fair Value Measurement

The IASB has published IFRS 13 Fair Value Measurement, which came into force on 1 January 2013. IFRS 13 clarifies how to measure fair value but does not change the requirements regarding which items should be measured at fair value. In addition, IFRS 13 requires additional disclosures about fair value measurements. The new standard will not have any significant impact on the income statement or balance sheet. The bank will apply this standard as from 1 January 2013 prospectively.

#### IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. The standard has not yet been endorsed by the European Union, and is therefore not available for early adoption. In subsequent phases, the IASB is addressing impairments and hedge accounting. Exposure drafts have been issued. The completion of these IASB projects is expected in 2013. ABN AMRO is currently assessing the impact on its financial statements of all phases in IFRS 9.

## **4.2 Key factors affecting results of operations**

### **General market conditions**

ABN AMRO's revenues and results of operations are affected by, among other factors, general economic conditions in the Netherlands and other markets, including economic cycles, the financial markets, the Dutch mortgage market, banking industry cycles and fluctuations in interest rates and exchange rates, monetary policy, demographics, and other competitive factors. Revenues and net profit from ABN AMRO's operations may vary from year to year depending on changes in consumer and corporate lending market conditions and business cycles in the Netherlands and other markets. The financial services industry, both in the Netherlands and around the world, continues to face a high degree of uncertainty, and ABN AMRO is exposed to these developments across all its businesses, both directly and indirectly and through their impact on customers and clients.

Economic developments in recent years have impacted Dutch banks. Revenues came under pressure due to weaker demand for certain banking products. Costs were driven up by preparations for and the introduction of new or revised regulations. Loan impairments increased due to a rise in defaults and a decline in the value of (commercial) property portfolios, among other things. These developments did not affect the profits and capital ratios of all banks equally, due in part to differences in scale and geographic scope and the relative impact of loan impairments. Lower profitability combined with stricter capital requirements prompted both Dutch and foreign banks active in the Netherlands to reconsider their existing mix of activities, choices in new lending, dividend policies and geographic allocation of capital. The relatively large share of mortgages on Dutch banks' balance sheets and the situation on the housing market made banks cautious in their mortgage lending. Furthermore, a number of foreign banks gave priority in lending to their home markets, slowed down growth of their Dutch activities and, in some cases, sold off portfolios.

## Large items and divestments

### *Impact of large items*

In the year ended 31 December 2012 several large positive items were recorded, totalling EUR 386 million net of tax.

- These positive items included:
  - releases from Credit Umbrella and other EC Remedy-related provisions totalling EUR 210 million positive net of tax (EUR 215 million pre-tax);
  - a release of Greek impairments of EUR 94 million net of tax (EUR 125 million pre-tax);
  - Madoff-related impairment releases (EUR 75 million net of tax);
  - release of a provision related to the sale of the Swiss Private Banking activities; and
  - small additions to the restructuring provision taken in 2011.
- These large positive items were offset by a EUR 112 million negative net-of-tax impact of the Dutch bank tax.

In the year ended 31 December 2011:

- Loan impairments on the Greek Government-Guaranteed Corporate Exposures (total amount of EUR 880 million pre-tax, EUR 660 million net of tax) highly impacted the results;
- A EUR 187 million (pre tax) restructuring provision was recorded for further restructurings and staff reductions;
- Several positive one-offs (totalling approximately EUR 150 million net of tax), including items resulting from a further integration of systems and methodologies, gains on sales of participating interests and buildings and a release related to the Madoff provision, were recorded in the first half of 2011.

In the year ended 31 December 2010:

- Costs for capital instruments (EUR 195 million pre-tax, EUR 179 million net of tax) and a credit protection instrument (EUR 140 million pre-tax, EUR 104 million net of tax), which were called or converted in the course of 2010;
- A gain of EUR 175 million pre-tax (EUR 130 million net of tax) was recorded on the buyback of an Upper Tier 2 capital instrument;

- Several large litigation provisions relating to international activities conducted in the past were taken by Private Banking and Merchant Banking (full net impact: EUR 265 million);
- A EUR 409 million restructuring provision for personnel was recorded in integration and separation costs.

### ***Impact of divestments***

During 2012 several divestments were completed. The results of these entities and the transaction results are included in the financial results up to the completion date of the sale and transfer.

- The sale of the commercial insurance broker activities for corporate clients to Aon. The insurance operations for small and medium-sized businesses were transferred to ABN AMRO Verzekeringen. ABN AMRO Verzekeringen is a joint venture between ABN AMRO Bank N.V. and Delta Lloyd Group, the latter holding 51% of the shares and ABN AMRO Bank N.V. having a 49% stake. The result of this transaction on the net result was negligible, as was its impact on different P&L line items;
- The sale of Solveon Incasso BV to Lindorff Group AB. The results of this entity and the transaction results were included in the financial results up to the completion date of the sale and transfer. The result of this transaction on the net result was negligible, as was its impact on different P&L line items.

For comparison purposes, the following activities were divested in 2011:

- The sale of Prime Fund Solutions (“PFS”) was completed on 2 May 2011. The sale did not materially impact earnings or regulatory capital. The results of PFS were recorded in Group Functions;
- The sale of the international division of Fortis Commercial Finance to BNP Paribas Fortis was completed on 3 October 2011. The sale led to a small book loss and did not have a material impact on earnings or on regulatory capital. The results of the international division of Fortis Commercial Finance were recorded in Commercial Banking;
- The sale of the Swiss Private Banking activities to Union Bancaire Privée, UBP SA was finalized on 31 October 2011. The sale of these activities led to a book gain.

For comparison purposes, the following activities were divested in 2010:

- Under the EC Remedy, the activities of New HBU II N.V. and IFN Finance B.V. were sold in December 2009 and transferred on 1 April 2010. The results of these activities were included in Group Functions until the date of completion of the sale (total negative transaction result of EUR 812 million after tax).

### **Regulatory environment**

ABN AMRO conducts its businesses subject to financial services laws and regulations, as well as other laws and regulations (including behavioural requirements), rules, stress testing exercises,

corporate governance requirements and administrative actions and policies in some or all of the locations in which it operates. DNB, the AFM and other regulators in various jurisdictions may impose further restrictions and conditions on ABN AMRO. The European Commission has also recently proposed a plan to grant the European Central Bank (“**ECB**”) powers to monitor and supervise banks in the eurozone (the “**single supervisory mechanism**”), which may result in further requirements being imposed on the Issuer, including but not limited to in relation to capital and liquidity. The timing and form of future changes in any laws, regulations or other rules, requirements, exercises, actions and policies or in the interpretation thereof, are unpredictable and beyond the Issuer's control, and any such changes made could materially adversely affect the Issuer's business, the products and services the Issuer offers or the value of its assets or extent of its liabilities.

Any changes in the tax laws of jurisdictions in which the Issuer operates which affect its products, could have a material adverse effect on its banking or other businesses and results of operations and financial position.

### **Separation and Integration**

Total identified pre-tax integration costs amounted to EUR 448 million in the year ended 31 December 2012, as compared to EUR 362 million in the year ended 31 December 2011. These costs consisted of EUR 278 million in project costs and a slight increase of EUR 8 million related to the integration restructuring provision, which was recorded in 2010. In addition, EUR 162 million was recorded for the merger of pension funds.

Total integration costs in the period from 2009 to 2012 amounted to EUR 1.6 billion. These costs were primarily related to the restructuring provision, IT, IT-related consultants and impairments on housing assets.

Overall, the integration is complete. ABN AMRO considers the remaining integration risks to be moderate and expects them to decline further over time. The bank has maintained focus on minimising client impact throughout the integration. Client satisfaction has stayed up to the mark and improved in the case of Retail Banking.

Major integration milestones in 2012 were the full Markets Foreign Exchange & Rates business integration in March, technical integration of equity derivatives systems in May, the migration of EC Remedy clients of Deutsche Bank in June, the agreement to merge between ABN AMRO Bank Pensioenfond and Pensioenfond Fortis Bank Nederland in November (effective as of 1 January 2013) and the migration of ECT clients in November.

### *Synergies*

Cumulative integration-related synergies in the period from 2009 to 2012 amounted to approximately EUR 1.0 billion at the year-end 2012, mainly related to office space savings, IT savings and workforce reductions. Several activities were divested as a result of which the synergies related to these activities could not be realised. In addition, during the integration period EUR 0.2 billion of expected cost increases were avoided leading to a lower-than-expected cost base. The targeted integration synergies of EUR 1.1 billion as from 2013 were translated into a cost/income ratio between 60% and 65%. The 2012 underlying cost/income ratio of 61% (which includes the new bank tax) was at the lower end of this targeted range. The full synergy benefits of the merger of ABN AMRO and FBN is expected to be realised in 2013.

## **European Commission State Aid Investigation**

On 8 April 2009, the European Commission notified the Dutch State it was initiating a procedure concerning potential state aid in connection with the acquisitions made by the Dutch State.

On 5 April 2011, the European Commission (“EC”) announced the outcome of the state aid investigation against ABN AMRO, approving the support package and restructuring plan subject to certain conditions, including (but not limited to):

- A ban on acquisitions above a certain amount (not applicable to certain activities such as private equity);
- A continuation of the price leadership restrictions similar to the ones implemented in 2010; and
- A ban on advertising state ownership.

Most measures are implemented for the duration of three years, starting 5 April 2011. The restrictions imposed on acquisitions will be prolonged to a maximum of five years if after three years the Dutch State continues to hold more than 50% of the ordinary shares.

On 14 June 2011, ABN AMRO filed an appeal against the European Commission's decision, more precisely against the acquisition ban imposed thereby. The lodging of this appeal does not suspend the European Commission's decision. Parties have exchanged written pleas; the last document was filed by the EC in the beginning of 2012. As of the date of this Base Prospectus, the Court has yet to fix a date for oral pleas.

## **Interest rate fluctuations**

Changes in interest rates, including changes in the yield curve, can affect ABN AMRO's results of operations. Generally, a sustained period of lower interest rates will reduce the investment yield of interest earning assets as higher yielding investments are called or mature and the proceeds of these investments are reinvested at lower rates. Declining interest rates can lead to higher returns from ABN AMRO's operations if interest earning assets reprice more slowly than interest-bearing liabilities or the volume of average interest earning assets grows as a result of higher amounts of credit demand.

Conversely, rising interest rates should over time increase investment income but may reduce the market value of existing investments in ABN AMRO's portfolios. This can also lead to higher returns from ABN AMRO's banking operations if the interest rate spread widens, assuming this effect is not offset by lower volumes of average interest-earning assets as a result of lower levels of credit demand, a deterioration in the quality of ABN AMRO's loan portfolio, an increase in provisions for possible credit risk or lower interest income due to slower repricing of interest-earning assets compared to the repricing of interest-earning liabilities. Besides absolute levels of interest rates, income in the banking activities can be influenced by the shape of the yield curve. If the duration of interest-earning assets is longer than the duration of interest-earning liabilities, a steeper yield curve normally generates higher income in the banking operations.

## **Liquidity and funding**

ABN AMRO seeks to ensure that it is in a position to meet its obligations at any time. To this end, ABN AMRO maintains a diversified and stable funding base comprising core consumer and



commercial customer deposits and institutional balances, and short-term and long-term wholesale funding. In addition, ABN AMRO holds portfolios of highly liquid assets diversified by currency and maturity to enable it to respond to unusual liquidity requirements.

In illiquid markets, financial investment and asset valuation is highly uncertain. Although processes are available to estimate fair values, they require substantial elements of judgment, assumptions and estimates (which may change over time). The risk of illiquidity, therefore, may reduce capital resources as valuations decline or a selling market dissipates. Actions or the threat of actions by third parties and independent market participants, such as rating agency downgrades of instruments to which ABN AMRO has exposure, can result in reduced liquidity and valuations of those instruments. Rating agencies, which determine ABN AMRO's credit ratings and thereby influence the cost of funds, take into consideration the effectiveness of ABN AMRO's liquidity risk management framework.

The market conditions that the financial services industry experienced during the height of the crisis included in decreased liquidity, reduced availability of long-term wholesale market funding, pressure on capital and extreme price volatility across a wide range of asset classes. Financial institutions were, at times, unable to buy or sell certain assets. As securities and lending markets weakened competition for deposits and the greater risk of deposit migration between competitors increased.

ABN AMRO is subject to the threat of illiquidity and/or extreme price volatility, either directly or indirectly, through exposures to securities, loans and other commitments. Although there was some moderation in market conditions during 2011 and 2012 in the primary markets, it is difficult to predict if this trend will continue. If conditions worsen, ABN AMRO's markets, products and other businesses may be adversely affected.

ABN AMRO Bank is regulated (on a consolidated basis) in accordance with capital adequacy and liquidity requirements set by DNB.

### **Exchange rate fluctuations**

ABN AMRO does business primarily in euros, as well as a variety of other currencies through its foreign operations and Dutch entities which operate with non-euro currency. However, open positions are strictly monitored and managed and are kept within well-defined limits.

The financial performance of ABN AMRO's foreign operations, conducted through branches, subsidiaries, associates and joint ventures, is reported using the currency ("**functional currency**") that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The assets and liabilities of ABN AMRO's foreign operations, including goodwill and purchase accounting adjustments, are translated to ABN AMRO's presentation currency, the Euro, at the foreign exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to the Euro at the rates prevailing at the end of the month.

## **4.3 Explanation of key income statement items**

### **Interest income and expenses**

Interest income and expenses are recognized in the income statement for all interest bearing instruments (whether classified as held to maturity, available-for-sale, designated at fair value

through profit or loss or non-trading derivatives) on an accrual basis using the effective interest rate method including the value adjustments to the carrying amount of the hedged item related to the termination of a fair value hedge of interest risk.

The application of the effective interest rate method includes the amortization of any discount or premium or other differences, including transaction costs and qualifying fees and commissions, between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis. This item does not include interest income and expense in relation to trading balances, which is included within net trading income.

### **Fee and commission income**

#### *Fees as integral part of effective interest rate*

Fees and commissions generated as an integral part of negotiating and arranging a funding transaction with clients, such as the issuance of loans, are included in the calculation of the effective interest rate and are included in interest income and expense.

#### *Fees recognized as services are provided*

Service fees are typically recognized on a straight line basis over the service contract period; portfolio and other management advisory and service fees are recognized based on the applicable service contracts.

#### *Fees recognized upon completion of the underlying transaction*

Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognized upon completion of the underlying transaction. Commission revenue is recognized when the performance obligation is complete. Loan syndication fees are recognized as revenue when the syndication has been completed.

Fees and commissions dependent on the outcome of a particular event or contingent upon performance are recognized when the relevant criteria have been met.

### **Net trading income**

Net trading income includes gains and losses arising from changes in the fair value of financial assets and liabilities held for trading, interest income and expenses related to trading balances, dividends received from trading instruments as well as related funding costs. Dividend income from trading instruments is recognized when entitlement is established. Net trading income also includes changes in fair value arising from changes in counterparty credit spreads and changes in ABN AMRO's credit spreads where it impacts the value of ABN AMRO's trading liabilities. The charge related to the write-off of trading instruments is included in trading income.

### **Results from financial transactions**

Results from financial transactions include gains and losses on the sale of non-trading financial assets and liabilities, ineffectiveness of hedging programs, the change in fair value of derivatives used for hedging purposes that are not included in hedge accounting relationships, fair value changes relating to assets and liabilities designated at fair value through income and changes in

the value of any related derivatives. For liabilities designated at fair value through profit or loss, it includes changes in ABN AMRO credit spreads. Dividend income from non-trading equity investments, excluding associated companies, is recognized when entitlement is established.

### **Other income**

Other operating income is primarily comprised of insurance activities, leasing activities, disposal of operating activities, subsidiaries and equity accounted investments.

### **Operating expenses**

Operating expenses include personnel expenses, general and administrative expenses and depreciation and amortization of tangible and intangible assets.

### **Impairment charges on loans and other receivables**

An indication that a loan may be impaired is obtained through ABN AMRO's credit review processes, which include monitoring customer payments and regular loan reviews depending on the rating of the facility.

ABN AMRO first assesses whether objective evidence of impairment exists for loans (including any related facilities and guarantees) that are individually significant, and individually or collectively for loans that are not individually significant. If ABN AMRO determines that no objective evidence of impairment exists for an individually assessed loan, it includes the asset in a portfolio of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans that are evaluated individually for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The amount of the loss is recognized using an allowance account and the amount of the loss is included in the income statement line loan impairment and other credit risk provisions. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that are likely to result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. Future cash flows of a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans in the portfolio and historical loss experience for loans with credit risk characteristics similar to those in ABN AMRO. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the historical data and to remove the effects of conditions in the historical data that do not currently exist. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The impact of changes in estimates and recoveries is recorded in the income statement line Impairment charges on loans and other receivables. Allowances against a given portfolio may be released where there is improvement in the quality of the portfolio.

Following impairment, interest income is recognized using the original effective interest rate. When a loan is deemed no longer collectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the income statement line loan impairment and other credit risk provisions. Assets acquired in exchange for loans to achieve an orderly realization are reflected in the balance sheet as a disposal of the loan and an acquisition of a new asset, initially booked at fair value.

Although the decrease in estimated future cash flows from a portfolio of loans cannot yet be identified with the individual loans in the portfolio, there may be indications that there is a measurable decrease in cash flows on portfolio level. These include adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults in the portfolio. This is dealt with through an allowance for incurred but not identified losses.

#### 4.4 Results of operations for the years ended 31 December 2012 and 2011

##### *Selected Consolidated financial information*

	Year ended 31 December					
	2012			2011		
	(Reported)	(Reconciling items)	(Underlying)	(Reported)	(Reconciling items)	(Underlying)
	<i>(in millions of euros)</i>					
Net interest income .....	5,028	-	5,028	4,998	-	4,998
Net fee and commission income ..	1,556	-	1,556	1,811	-	1,811
Other non-interest income.....	754	-	754	985	-	985
Operating income.....	7,338	-	7,338	7,794	-	7,794
Operating expenses .....	4,959	450	4,509	5,357	362	4,995
Impairment charges on loans and other receivables .....	1,228	-	1,228	1,757	-	1,757
<i>Profit/(loss) before tax .....</i>	<i>1,151</i>	<i>(450)</i>	<i>1,601</i>	<i>680</i>	<i>(362)</i>	<i>1,042</i>
Income tax (expense)/credit .....	203	(113)	316	(9)	(91)	82
<b><i>Profit/(loss) for the period.....</i></b>	<b><i>948</i></b>	<b><i>(337)</i></b>	<b><i>1,285</i></b>	<b><i>689</i></b>	<b><i>(271)</i></b>	<b><i>960</i></b>

	Year ended 31 December	
	2012	2011
Underlying cost/income ratio.....	61%	64%
Return on average Equity (IFRS-EU).....	10.0%	7.8%
Return on average RWA (in bps).	103	85

	As at 31 December	
	2012	2011
RWA/Total assets .....	31%	29%
Assets under Management (in EUR billion).....	163.1	146.6
Risk-weighted assets (in EUR billion) .....	121.5	118.3
FTEs.....	23,059	24,225

## Reconciling Items

In the discussion of ABN AMRO's underlying results, the following adjustments for separation and integration related items were made to the reported year ended 31 December 2012 results:

- total identified integration costs amounted to EUR 448 million in 2012. They consisted of EUR 278 million in project costs, a slight increase of EUR 8 million related to the integration restructuring provision, which was recorded in 2010 and EUR 162 million recorded for the merger of the pension funds; and
- separation costs amounted to EUR 2 million in 2012.

In the full year ended 31 December 2012, these separation and integration related expenses totalled EUR 337 million (pre-tax: EUR 448 million).

In the discussion of ABN AMRO's underlying results, the following adjustments for separation and integration related items were made to the reported year ended 31 December 2011 results:

- total identified integration costs amounted to EUR 359 million in 2011. They consisted of EUR 381 million in project costs and a partial release of EUR 22 million related to the integration restructuring provision, which was booked in 2010. Integration project costs in 2011 were mainly attributable to programmes concerning the merger of the Markets dealing rooms and the migration of Commercial & Merchant Banking and Private Banking clients to the ABN AMRO systems; and
- separation costs amounted to EUR 3 million in 2011.

In the full year ended 31 December 2011, these separation and integration related expenses totalled EUR 362 million (net of tax: EUR 271 million).

## Profit/(loss) for the period

Underlying profit for the year ended 31 December 2012 increased by EUR 325 million, or 34%, to EUR 1,285 million, as compared to EUR 960 million for the year ended 31 December 2011. This increase was primarily the result of lower impairment charges on loans and other receivables and releases from the Credit Umbrella and other EC Remedy-related provisions, partially offset by a reassessment of tax positions related to prior years. Excluding divestments and large items underlying net profit would have been 34% lower than 2011 due mainly to a sharp increase in loan impairments.

The results in both the year ended 31 December 2012 and 2011 were influenced by several large items as well as by several divestments. See “—Key factors affecting results of operation—Large items and divestments”.

## Operating income

Underlying operating income for the year ended 31 December 2012 decreased by EUR 456 million, or 6%, to EUR 7,338 million, as compared to EUR 7,794 million for the year ended 31 December 2011. Excluding divestments, it declined by 2%. This decrease is primarily the result of the decreases in net fee and commission income and net trading income discussed below.

Out of total operating income, 82% of operating income was generated in the Netherlands, 12% came from the rest of Europe and 6% in the rest of the world.

#### *Net interest income*

#### *Net interest income*

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
<b>Interest income</b>		
Cash and balances at central banks .....	5	32
Financial investments available-for-sale .....	351	344
Loans and receivables - banks .....	631	590
Loans and receivables - customers .....	11,116	11,487
Other .....	935	770
Total interest income .....	13,038	13,223
<b>Interest expense</b>		
Due to banks .....	474	686
Due to customers .....	3,385	3,280
Issued debt .....	1,882	2,068
Subordinated liabilities .....	271	203
Other .....	1,998	1,988
Total interest expense .....	8,010	8,225
<b>Net interest income .....</b>	<b>5,028</b>	<b>4,998</b>

Net interest income for the year ended 31 December 2012 increased slightly by EUR 30 million, or 1%, to EUR 5,028 million, as compared to EUR 4,998 million for the year ended 31 December 2011 as higher net interest income in Commercial & Merchant Banking was partially offset by lower net interest income in Retail & Private Banking. The rise in net interest income was driven mainly by improved margins on new mortgage production and other loans and higher net interest income in Merchant Banking (mainly Markets and ECT). Lower margins on savings and higher funding costs partly neutralised this rise. Divestments had a marginal negative impact on net interest income.

#### *Net fee and commission income*

#### *Net fee and commission income*

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
<b>Fee and commission income</b>		
Securities and custodian services .....	1,179	1,106
Insurance and investment fees .....	94	110
Portfolio management and trust fees .....	362	392
Payment services .....	648	597
Guarantees and commitment fees .....	134	148
Other service fees .....	135	195
Total fee and commission income .....	2,552	2,548
<b>Fee and commission expense</b>		
Securities and custodian services .....	739	549
Insurance and investment fees .....	18	20

Portfolio management and trust fees .....	40	51
Payment services.....	168	70
Guarantees and commitment fees .....	9	14
Other service fees.....	22	33
Total fee and commission expense.....	<u>996</u>	<u>737</u>
<b>Total net fee and commission income .....</b>	<b><u>1,556</u></b>	<b><u>1,811</u></b>

Net fee and commission income decreased by 14% or EUR 255 million from EUR 1,811 million for the year ended 31 December 2011 to EUR 1,556 million for the year ended 31 December 2012. Excluding divestments, the decline in net fee and commission income would have been 8%. Transaction volumes (Retail and Private Banking clients in particular conducted fewer transactions) were lower due to market uncertainty. The decrease was further caused by a reclassification of costs for international payment services to fee expenses in 2012, and 2011 included several positive large items.

#### *Net trading income*

#### *Net trading income*

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
Interest instruments trading.....	293	170
Equity trading .....	98	(40)
Foreign exchange transaction results .....	91	177
Other .....	(219)	(83)
<b>Total .....</b>	<b><u>263</u></b>	<b><u>224</u></b>

Net trading income for the year ended 31 December 2012 increased by EUR 39 million, or 17%, to EUR 263 million, as compared to EUR 224 million for the year ended 31 December 2011. This increase was mainly related to Merchant Banking.

Interest instruments trading benefitted from volume and results realised through short-term securities trading. Equity trading increased by EUR 138 million due to positive variation results between foreign exchange and equity trading positions. The decrease in foreign exchange results was mainly due to negative variation results between foreign exchange and equity trading positions and cancellation of specific financing transactions (EUR 33 million). Other trading income decreased mainly as a result of higher losses with respect to credit value adjustments (counterparty risk related to interest rate derivatives recorded under Interest instruments trading).

## Results from financial transactions

### Results from financial transactions

	Year ended 31 December	
	2012	2011
	<i>(in millions of euros)</i>	
Net result on the sale of available-for-sale debt securities .....	8	(40)
Net result on the sale of available-for-sale equity investments .....	45	9
Impairments of available-for-sale equity investments.....	(4)	(4)
<i>Other net results:</i>		
Other equity investments .....	20	22
Dividends .....	18	57
Fair value changes in own credit risk and repurchase of own debt .....	(24)	44
Net result on risk mitigants .....	(16)	26
Other .....	(16)	160
<b>Total .....</b>	<b>31</b>	<b>274</b>

Results from financial transactions for the year ended 31 December 2012 decreased by EUR 243 million, or 89%, to EUR 31 million, as compared to EUR 274 million for the year ended 31 December 2011. This decrease was mainly driven by decreases in economic hedges and a revaluation of funding by private investment products, partially offset by net results on the sale of available-for-sale debt securities and of available-for-sale equity investments.

The result on Available-for-sale debt securities increased due to sale of German bonds (EUR 5 million) and Dutch bonds (EUR 3 million) in 2012. The loss in 2011 of EUR 40 million was caused by the sale of a part of its investment portfolio. On the Statement of financial position, EUR 300 million Italian government bonds matured as well as a sale of EUR 1.2 billion of Dutch, German and French bonds (gain EUR 16 million). Cash from matured and sold bonds was reinvested. The result related to Available-for-sale equity investments increased mainly due to the gain on the sale of London Metal Exchange shares in 2012 (EUR 36 million). Dividends decrease as a result of the lower performance of specific financing deals, which came to EUR 13 million (2011: EUR 53 million).

Fair value changes in own credit risk and repurchase of own debt decreased mainly due to a loss of EUR 24 million related to the debt value adjustment on own issued debt (2011: gain EUR 19 million). Furthermore, in 2012 the buy-back of own RMBS resulted in a loss of EUR 1 million (2011: gain EUR 25 million on the buy back of own issued covered bonds).

Net result on risk mitigants includes the negative result related to the ineffectiveness of specific hedge accounting programmes. More details on hedge accounting can be found in note 40 of the Notes to the Consolidated Income Statement for 2012.

“Other” mainly includes economic hedges (e.g. hedges not qualified for hedge accounting) amounting to EUR 11 million (2011: EUR 95 million). Revaluation of the funding by Private Investment Products, as far as they form part of the trading portfolio, resulted in a loss of EUR 109 million for 2012 (2011: gain EUR 76 million) due to developments of liquidity spread. Exchange rate changes resulted in a profit of EUR 76 million (2011: EUR 33 million).



## **Operating expenses**

Underlying operating expenses for the year ended 31 December 2012 decreased by EUR 486 million, or 10%, to EUR 4,509 million, as compared to EUR 4,995 million for the year ended 31 December 2011. Excluding the impact of divestments, operating expenses declined by 6%. Excluding the EUR 181 million restructuring charge taken in 2011 and the Dutch bank tax (EUR 112 million) in 2012, the operating expenses would have decreased by 4%. This decrease was the result of additional cost synergies resulting from the integration, and reclassifications of leasing costs and costs for international payment services (EUR 118 million) to operating income. These were partially offset by wage inflation.

Personnel expenses decreased by EUR 292 million to EUR 2,246 million in 2012 as compared to 2,538 in 2011. This decrease was mainly due to a decrease in FTEs and divestments.

Other expenses decreased to EUR 2,263 million, down by 8% compared to 2011.

## **Operating result**

The operating result increased modestly to EUR 2,829 million, up 1% compared to 2011. The underlying cost/income ratio improved to 61% in 2012 (from 64% in 2011). Excluding divestments and large items, the operating result would have decreased by 2%. This improvement reflected the realization of integration synergies and was in line with the targeted cost/income ratio of 60-65% set for year-end 2012 following the completion of the integration.

## **Impairment charges on loans and other receivables**

Impairment charges on loans and other receivables for the year ended 31 December 2012 decreased by EUR 529 million to EUR 1,228 million, as compared to EUR 1,757 million for the year ended 31 December 2011. The 2011 results include EUR 880 million of impairment charges for Greek government-guaranteed corporate exposures, whereas the 2012 results contain a release of EUR 125 million following the sale of part of the exposures. Excluding these, a sharp increase (54%) would have been recorded as the economic downturn led to higher impairment charges, especially in (commercial) real estate, construction, and diamond financing (reported in Private Banking) as well as in the mortgage portfolio. Impairment charges on mortgages increased from 10bps to 16bps (over the total mortgage book). The increase in impairments can also be partially explained by significant recoveries and releases in Merchant Banking in 2011 which did not recur in 2012.

Total impairment charges over average RWA (cost of risk) went down to 98bps in 2012 (from 156bps in 2011). Excluding the impairments on the Greek government-guaranteed corporate Exposures, these figures would have been 108bps in 2012, 78bps for 2011.

## **Income tax expenses**

The underlying effective tax rate increased 20% in 2012 from 8% in 2011. The effective tax rate went up primarily as a result of a reassessment of the tax positions related to prior years and a higher amount of tax-exempt income in 2011.

## **FTEs**

The total number of full-time equivalents excluding temporary staff (FTEs) declined by 1,166, or 5%, to 23,059 at year-end 2012 largely as a result of the progress made on the integration and the impact of divestments, partially offset by a rise in the number of FTEs as a result of a small acquisition in 2012.

## Assets under Management

Assets under Management (AuM) grew by EUR 16.5 billion to EUR 163.1 billion. This increase was mainly caused by market performance and an increase in net new assets.

## Selected Consolidated Balance Sheet Movements

### *Selected Consolidated Balance Sheet Data*

	At 31 December	
	2012	2011
	(in millions of euros)	
<b>Assets</b>		
Cash and balances at central banks .....	9,796	7,641
Financial assets held for trading.....	22,804	29,523
Financial investments.....	21,407	18,721
Loans and receivables – banks .....	46,398	61,319
Loans and receivables – customers .....	276,283	272,008
Other .....	17,716	15,470
Total assets.....	<u>394,404</u>	<u>404,682</u>
<b>Liabilities</b>		
Financial liabilities held for trading .....	18,782	22,779
Due to banks .....	21,263	30,962
Due to customers .....	216,021	213,616
Issued debt .....	94,043	96,310
Subordinated liabilities .....	9,566	8,697
Other .....	20,692	20,898
Total liabilities .....	<u>380,367</u>	<u>393,262</u>
<b>Equity</b>		
Equity attributable to shareholders of the parent company .....	14,018	11,400
Equity attributable to non-controlling interests .....	19	20
Total equity .....	<u>14,037</u>	<u>11,420</u>
Total liabilities and equity.....	<u>394,404</u>	<u>404,682</u>

### **Total assets**

Total assets decreased by EUR 10.3 billion, from EUR 404.7 billion at 31 December 2011 to EUR 394.4 billion at 31 December 2012. This decrease was primarily due to a decline in securities financing client volumes and lower equity trade positions. This was partially offset by growth in commercial loans and higher market value of (OTC) derivatives.

The year-end 2012 balance sheet includes activities divested in 2012. See "—Key factors affecting results of operations—Large items and divestments".

### *Cash and balances at central banks*

Cash and balances at central banks rose by EUR 2.2 billion to EUR 9.8 billion, predominantly due to an increase in overnight deposits placed at DNB.

#### *Financial assets held for trading*

Financial assets held for trading decreased to EUR 22.8 billion, due mainly to lower equity trade positions following uncertainty regarding the impact of Basel III, offset by higher market value of interest rate derivatives.

#### *Loans and receivables – banks*

Loans and receivables – banks decreased by EUR 14.9 billion (24%), mainly due to lower client securities financing volumes, down by EUR 13.5 billion, and the termination of a financing transaction offset by an increase in term deposits at central banks.

#### *Loans and receivables – customers*

Loans and receivables – customers increased by EUR 4.3 billion to EUR 276.3 billion at the end of December 2012 as a result of growth in commercial loan portfolio by EUR 6.2 billion, predominantly in Merchant Banking (especially Clearing) and, to a lesser extent, in Private Banking. The mortgage portfolio decreased slightly to EUR 153.9 billion as new production did not fully compensate redemptions.

The bulk of the loan book is generated in the Netherlands, reflecting the fact that the majority of ABN AMRO's business mix is located in the Netherlands.

#### *Loans and Receivables – customers*

	<b>At 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
<b>Loans and receivables – customers <sup>(1)</sup></b> .....	<b>261,788</b>	<b>255,559</b>
Retail & Private Banking .....	178,968	178,507
Commercial & Merchant Banking .....	77,450	72,075
Group Functions .....	5,370	4,977
<b>Securities financing activities</b> .....	<b>14,495</b>	<b>16,449</b>
<b>Total loans and receivables – customers</b> .....	<b>276,283</b>	<b>272,008</b>

<sup>(1)</sup> This amount excludes securities financing activities.

#### ***Total liabilities***

Total liabilities decreased by EUR 12.9 billion, from EUR 393.3 billion at 31 December 2011 to EUR 380.4 billion at 31 December 2012. This decrease was primarily due to a large decrease in securities financing activities, partially offset by an increase in client deposits in Retail & Private Banking.

#### *Financial liabilities held for trading*

Financial liabilities held for trading decreased by EUR 4.0 billion to EUR 18.8 billion, due mainly to lower equity trade positions.

#### *Due to customers*

Due to customers increased by EUR 2.4 billion to EUR 216 billion at 31 December 2012 as compared to EUR 213.6 billion at 31 December 2011. This was primarily the result of growth in Retail (EUR 9.9 billion) and Private Banking (EUR 4.6 billion) deposits, offset by a decrease in securities financing volumes (down EUR 10.3 billion).

#### *Due to customers*

	<b>At 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
<b>Total Deposits .....</b>	<b>200,541</b>	<b>187,797</b>
Retail & Private Banking .....	140,815	126,279
Commercial & Merchant Banking .....	55,995	54,982
Group Functions .....	3,731	6,536
Other (including securities financing activities).....	15,480	25,819
<b>Total Due to customers .....</b>	<b>216,021</b>	<b>213,616</b>

#### *Issued Debt*

Issued debt decreased by EUR 2.3 billion to EUR 94.0 billion. The decrease was due mainly to maturing long-term funding exceeding newly issued long-term funding in 2012.

#### *Subordinated Liabilities*

Subordinated liabilities showed a net increase of EUR 0.9 billion to EUR 9.6 billion, mainly resulting from EUR 2.8 billion newly issued Tier 2 notes offset by the cancellation of the EUR 2.0 billion liability resulting from former mandatory convertible securities.

#### *Total equity*

At 31 December 2012, shareholders' equity grew by EUR 2.6 billion, or 18.5%, to EUR 14.0 billion as compared to EUR 11.4 billion at 31 December 2011. This was driven primarily by an increase of EUR 1.6 billion following the settlement with Ageas (including cancellation of the MCS liability) and EUR 0.9 billion of reported net profit.

### **Results of operations by segment for the years ended 31 December 2012 and 2011**

ABN AMRO is organised into Retail & Private Banking (“**R&PB**”), Commercial & Merchant Banking (“**C&MB**”) and Group Functions. For financial reporting purposes, the Managing Board adopted a further refinement of the segment reporting in 2011, as follows: Retail Banking, Private Banking, Commercial Banking, Merchant Banking and Group Functions.

#### *Retail Banking*

*Selected Retail Banking financial information*

	Year ended 31 December					
	2012			2011		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income .....	2,604	-	2,604	2,671	-	2,671
Fee and commission income ....	465	-	465	490	-	490
Other non-interest income.....	36	-	36	51	-	51
Operating income.....	3,105	-	3,105	3,212	-	3,212
Operating expenses .....	1,692	4	1,688	1,776	11	1,765
Operating result.....	1,413	(4)	1,417	1,436	(11)	1,447
Impairment charges on loans and other receivables.....	383	-	383	276	-	276
Profit / (loss) before taxation...	1,030	(4)	1,034	1,160	(11)	1,171
Income tax expense.....	259	(1)	260	280	(3)	283
Profit / (loss) for the period .....	771	(3)	774	880	(8)	888

	Year ended 31 December	
	2012	2011
Underlying cost/income ratio...	54%	55%
Return on average RWA (in bps) .....	252	272
Cost of risk (in bps).....	125	84

	As at 31 December	
	2012	2011
Loan-to-deposit ratio	190%	218%
Loans and receivables – customers (in EUR billion) .....	161.7	162.6
Of which mortgages (in EUR billion) .....	150.4	151.5
Due to customers (in EUR billion) .....	81.9	72.0
Risk-weighted assets (in EUR billion).....	30.1	32.3
FTEs.....	6,335	6,680

*Profit/(loss) for the period*

Underlying profit for the year ended 31 December 2012 decreased by EUR 114 million, or 12%, to EUR 774 million, as compared to EUR 888 million for the year ended 31 December 2011. This decrease is a result of lower operating income and higher impairment charges.

*Operating income*

Operating income for the year ended 31 December 2012 decreased by EUR 107 million, or 3%, to EUR 3,105 million, as compared to EUR 3,212 million for the year ended 31 December 2011. This decrease resulted primarily from declines in net interest income and net fee and commission income discussed below.

### Net interest income

Net interest income for the year ended 31 December 2012 decreased by EUR 67 million, or 3%, to EUR 2,604 million, as compared to EUR 2,671 million for the year ended 31 December 2011. This decrease resulted primarily from low market interest rate levels. The decreased margins could not be compensated by higher margins on new mortgages and on the consumer lending portfolio.

### Net fee and commission income

Net fee and commission income decreased by EUR 25 million to EUR 465 million due to lower transaction volumes as a result of unfavourable market conditions.

### *Operating expenses*

Underlying operating expenses for the year ended 31 December 2012 decreased EUR 77 million to EUR 1,688 million, as compared to EUR 1,765 million for the year ended 31 December 2011.

Personnel expenses came down by 8% due to a lower average number of FTEs as the branch network was further optimised (reduction of number of branches to 408 in 2012).

Other expenses showed a marginal increase as the Dutch bank tax introduced in 2012 and higher losses for cybercrime were largely offset by a decrease in temporary staff expenses and inter-segment costs.

### *Operating result*

The underlying operating result decreased by 2%. The underlying cost/income ratio decreased to 54% from 55%.

### *Impairment charges on loans and other receivables*

Impairment charges on loans and other receivables for the year ended 31 December 2012 increased by EUR 107 million, or 39%, to EUR 383 million, as compared to EUR 276 million for the year ended 31 December 2011. The rise in impairment charges were mainly related to the residential mortgage portfolio, reflecting a deterioration in the economic environment in the Netherlands, particularly the housing market, compared with a year ago.

### *Risk-weighted assets*

Despite lower house prices, Retail Banking's RWA decreased as a result of active management. The combination of higher loan impairment charges and lower RWA pushed up the cost of risk by 41 bps to 125bps.

### *Loans and receivables – customers*

Loans and receivables – customers decreased slightly by EUR 0.9 billion to EUR 161.7 billion at 31 December 2012, as compared to EUR 162.6 billion at 31 December 2011. This decrease was predominantly apparent in mortgage loans, as the residential mortgage book (more than 90% of Retail Banking's loan book) decreased to EUR 150.4 billion.

The mortgage market slowed down further in 2012. Although the number of mortgage transactions remained at low levels and was again lower than in 2011, new mortgage production picked up in the second quarter due to an anticipated increase in the transfer tax. The number of mortgage transactions rallied towards the end of the fourth quarter as a result of the announced measures relating to interest deductibility as of 1 January 2013.

#### *Due to customers*

Due to customers rose by EUR 9.9 billion to EUR 81.9 billion at 31 December 2012 as compared to EUR 72.0 billion at 31 December 2011. The highly competitive Dutch market for retail savings recorded in the first quarter of 2012 eased up by the end of the year as the total market volume showed a significant increase in 2012. These developments combined with the successful roll-out of MoneYou in Germany and Belgium were the basis for growth in retail savings.

#### *FTEs*

FTEs in Retail Banking decreased by 345 to 6,335 at 31 December 2012, mainly due to further optimization of the branch network and the transfer of several YourBusiness Banking account managers to Commercial Banking. This was partially offset by insourcing of the ICS call center.

#### *Private Banking*

##### *Selected Private Banking financial information*

	Year ended 31 December					
	2012			2011		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income .....	537	-	537	558	-	558
Net fee and commission income .....	508	-	508	578	-	578
Other non-interest income .....	69	-	69	166	-	166
Operating income .....	1,114	-	1,114	1,302	-	1,302
Operating expenses .....	910	15	895	1,010	20	990
Operating result .....	204	(15)	219	292	(20)	312
Impairment charges on loans and other receivables .....	203	-	203	16	-	16
Profit / (loss) before taxation .....	1	(15)	16	276	(20)	296
Income tax expense .....	(34)	(4)	(30)	36	(5)	41
Profit / (loss) for the period .....	35	(11)	46	240	(15)	255

	Year ended 31 December	
	2012	2011
Underlying cost/income ratio .....	80%	76%
Return on average RWA (in bps) .....	34	187
Cost of risk (in bps) .....	148	12

	As at 31 December	
	2012	2011
Loan-to-deposit ratio .....	28%	28%
Loans and receivables – customers (in EUR billion) .....	17.3	16.0

<i>Of which mortgages (in EUR billion) .....</i>	3.4	3.6
<i>Due to customers (in EUR billion) .....</i>	58.9	54.3
<i>Risk-weighted assets (in EUR billion).....</i>	10.7	13.8
<i>FTEs.....</i>	3,648	3,746

### *Profit/(loss) for the period*

Underlying profit for the year ended 31 December 2012 declined by EUR 209 million to EUR 46 million, as compared to EUR 255 million for the year ended 31 December 2011. This was primarily the result of higher impairment charges and the sale of the Swiss Private Banking activities in the fourth quarter of 2011. The results of Private Banking include the results of ID&JG which fell sharply year-on-year due to higher impairment charges in 2012. Excluding the net result of ID&JG and the impact of the sale of the Swiss Private Banking activities, net profit would have decreased by EUR 38 million.

### *Operating income*

Operating income for the year ended 31 December 2012 decreased by EUR 188 million, or 14%, to EUR 1,114 million, as compared to EUR 1,302 million for the year ended 31 December 2011. Excluding the divestment, operating income was almost unchanged.

### Net interest income

Net interest income for the year ended 31 December 2012 decreased by EUR 21 million, or 4%, to EUR 537 million, as compared to EUR 558 million for the year ended 31 December 2011. This decrease was primarily the result of lower margins on savings products in the Netherlands, partly compensated by a switch out of investments into cash (mainly in Private Banking International).

### Net fee and commission income

Net fee and commission income decreased by 12% due mainly to structurally lower fee income following the sale of the Swiss Private Banking activities and lower client activity. Other non-interest income decreased by EUR 97 million due to the divestment of the Swiss Private Banking activities.

### *Operating expenses*

Underlying operating expenses for the year ended 31 December 2012 decreased by EUR 95 million, or 10%, to EUR 895 million, as compared to EUR 990 million for the year ended 31 December 2011. Operating expenses decreased following the sale of Swiss Private Banking activities. Excluding divestments, operating expenses decreased by 1%.

### *Operating result*



Underlying operating result decreased from EUR 312 million in 2011 to EUR 219 million in 2012. The underlying cost/income ratio fell by 4 percentage points (improved by 1 percentage point excluding divestments) to 80%.

#### *Impairment charges on loans and other receivables*

Impairment charges on loans and other receivables for the year ended 31 December 2012 rose by EUR 187 million to EUR 203 million, as compared to EUR 16 million for the year ended 31 December 2011. The majority of the increase was related to a few large impairments in the diamond financing activities and, to a lesser extent, to commercial real estate-linked exposures and some legacy products.

#### *Loans and receivables – customers*

Loans and receivables – customers rose by EUR 1.3 billion, or 9%, to EUR 17.3 billion at 31 December 2012 as compared to EUR 16.0 billion at 31 December 2011. This was mainly due to an increase in commercial loans internationally.

#### *Due to customers*

Due to customers increased EUR 4.6 billion, or 8%, from EUR 54.3 billion at 31 December 2011 to EUR 58.9 billion at 31 December 2012, as a result of deposit inflow and clients switching from securities to cash.

#### *FTEs*

The number of FTEs decreased by 98 to 3,648 in 2012 as a result of the integration of LGT Germany and cost efficiency measures in the Netherlands.

#### *Assets under Management*

Assets under Management ("AuM") increased by EUR 16.5 billion to EUR 163.1 billion. This increase was a result of improved market performance of the securities portfolio and net new assets of EUR 3.1 billion, mainly in Private Banking International.

#### *AuM development*

	<b>At 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in billions of euros)</i>	
<b>Opening balance AuM as at 1 January</b> .....	<b>146.6</b>	<b>164.2</b>
Net new assets.....	3.1	0.9
Market performance.....	13.4	(9.3)
Divestments/acquisitions .....	-	(5.0)
Other (including sales/acquisitions) .....	-	(4.2)
<b>Balance on 31 December</b> .....	<b>163.1</b>	<b>146.6</b>

#### **Commercial Banking**

##### *Selected Commercial Banking financial information*

##### **Year ended 31 December**

	2012			2011		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income .....	1,264	-	1,264	1,231	-	1,231
Net fee and commission income .....	302	-	302	366	-	366
Other non-interest income.....	19	-	19	80	-	80
Operating income.....	1,585	-	1,585	1,677	-	1,677
Operating expenses .....	981	-	981	1,147	-	1,147
Operating result.....	604	-	604	530	-	530
Impairment charges on loans and other receivables.....	587	-	587	606	-	606
Profit / (loss) before taxation...	17	-	17	(76)	-	(76)
Income tax expense .....	10	-	10	(12)	-	(12)
Profit / (loss) for the period .....	7	-	7	(64)	-	(64)

**Year ended 31 December**

	2012	2011
Underlying cost/income ratio...	62%	68%
Return on average RWA (in bps) .....	3	(23)
Cost of risk (in bps).....	214	221

**Year ended 31 December**

	2012	2011
Loan-to-deposit ratio.....	122%	122%
Loans and receivables – customers (in EUR billion) .....	42.4	41.9
Due to customers (in EUR billion) .....	34.4	34.0
Risk-weighted assets (in EUR billion).....	28.8	28.3
FTEs.....	3,249	3,547

*Profit/(loss) for the period*

In 2012, net profit continued to be impacted by high impairment charges on loans and other receivables. Underlying profit for the year ended 31 December 2012 increased by EUR 71 million to EUR 7 million, as compared to a loss of EUR 64 million for the year ended 31 December 2011.

In alignment with market practice, as from 2012 lease costs are recorded under operating income (other non-interest income) and no longer under (other) operating expenses.

*Operating income*

Operating income for the year ended 31 December 2012 decreased by EUR 92 million to EUR 1,585 million, as compared to EUR 1,677 million for the year ended 31 December 2011, due mainly to the divestment of the international division of FCF in 2011 and the sale of the commercial insurance operations in 2012, and the reclassification of lease costs from (other) operating expenses to operating income (other non-interest income).

### Net interest income

Net interest income for the year ended 31 December 2012 increased by EUR 33 million, or 3%, to EUR 1,264 million, as compared to EUR 1,231 million for the year ended 31 December 2011. Excluding the impact of the abovementioned divestments, net interest income would have increased by 6%, mainly as a result of volume growth in client lending.

### Net fee and commission income

Net fee and commission income declined by EUR 64 million, due mainly to abovementioned divestments. Other non-interest income declined by EUR 61 million predominantly due to the reclassification of lease costs from other expenses.

### *Operating expenses*

Underlying operating expenses for the year ended 31 December 2012 declined by EUR 166 million, or 14%, to EUR 981 million, as compared to EUR 1,147 million for the year ended 31 December 2011. This increase was primarily due to reclassification, the abovementioned divestments and lower intersegment costs.

Personnel expenses decreased by EUR 41 million to EUR 301 million, primarily as a result of divestments. Excluding divestments, personnel expenses showed limited growth. Other expenses fell by 16% to EUR 680 million, largely due to the reclassification of lease costs. Excluding these effects, other expenses decreased by 7%, primarily reflecting lower intersegment costs.

### *Operating result*

The underlying operating result rose by 14%. The underlying cost/income ratio improved from 68% in 2011 to 62% in 2012.

### *Impairment charges on loans and other receivables*

Impairment charges on loans and other receivables amounted to EUR 587 million in 2012, down EUR 19 million compared with 2011. Impairment charges are still at elevated levels, with cost of risk at 214 bps. The construction, retail and (commercial) real estate-related sectors are among those affected.

### *Loans and receivables – customers*

Loans and receivables – customers increased by EUR 0.4 billion to EUR 42.4 billion at 31 December 2012 from EUR 41.9 billion at 31 December 2011 due mainly to volume growth. This was offset by re-allocation of certain positions to Markets and Retail Banking.

### *Due to customers*

Due to customers increased EUR 0.4 billion, or 1%, to EUR 34.4 billion at 31 December 2012 from EUR 34.0 billion at 31 December 2011. The increase was a result of business growth in both Business Banking and Corporate Clients, offset by the re-allocation of positions to Markets and Retail Banking.

## FTEs

The number of FTEs declined by 298, or 8%, to 3,249 mainly due to the sale of the commercial insurance activities and the transfer of SME insurance activities to ABN AMRO Verzekeringen.

## Merchant Banking

### Selected Merchant Banking financial information

	Year ended 31 December					
	2012			2011		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income .....	652	-	652	546	-	546
Net fee and commission income .....	376	-	376	364	-	364
Other non-interest income .....	433	-	433	420	-	420
Operating income .....	1,461	-	1,461	1,330	-	1,330
Operating expenses .....	943	3	940	883	23	860
Operating result .....	518	(3)	521	447	(23)	470
Impairment charges on loans and other receivables .....	256	-	256	27	-	27
Profit / (loss) before taxation .....	262	(3)	265	420	(23)	443
Income tax expense .....	20	(1)	21	16	(6)	22
Profit / (loss) for the period .....	242	(2)	244	404	(17)	421

	Year ended 31 December	
	2012	2011
Underlying cost/income ratio...	64%	65%
Return on averaged RWA (in bps) .....	55	131
Cost of risk (in bps) .....	58	8

	Year ended 31 December	
	2012	2011
Loan-to-deposit ratio	155%	137%
Loans and receivables – customers (in EUR billion) .....	49.6	46.6
Due to customers (in EUR billion) .....	37.0	46.6
Risk-weighted assets (in EUR billion) .....	45.5	36.1
FTEs .....	2,142	1,998

### Profit/(loss) for the period

Underlying profit for the year ended 31 December 2012 decreased by EUR 177 million to EUR 244 million, as compared to EUR 421 million for the year ended 31 December 2011. This decrease primarily resulted from higher impairment charges partially offset by a higher operating result.

### *Operating income*

Operating income increased by EUR 131 million, or 10%, to EUR 1,461 million compared to EUR 1,330 million in 2011. This increase resulted from gains in net interest income and non-interest income discussed below.

#### Net interest income

Net interest income for the year ended 31 December 2012 increased by EUR 106 million, or 19%, to EUR 652 million, as compared to EUR 546 million for the year ended 31 December 2011. This increase was due mainly to higher interest income in Market activities and, to a lesser extent, ECT.

#### Net fee and commission income

Net fee and commission income increased by EUR 12 million, or 3%, to EUR 376 million from EUR 364 million. This increase mainly reflected growth in the ECT business offset by lower volumes at Clearing. Other non-interest income increase by EUR 13 million, or 3%, to EUR 433 million from EUR 420 million which reflected better results in Markets sales and trading, offset by lower private equity results and a one-off gain last year.

### *Operating expenses*

Underlying operating expenses increased by EUR 80 million, or 9%, to EUR 940 million, as compared to EUR 860 million in 2011, due primarily to the impact of the Dutch bank tax.

Personnel expenses increased by 7% to EUR 306 million due mainly to the growth of the foreign operations and the acquisition of RBS professionals from RBS N.V. Other expenses increased by EUR 59 million, or 10%, to EUR 634 million, mainly reflecting the impact of the Dutch bank tax, offset by slightly lower intersegment costs.

### *Operating result*

The underlying operating result increased 11% to EUR 521 million in 2012. The underlying cost/income ratio improved to 64% from 65% in 2011.

### *Impairment charges on loans and other receivables*

Impairments charges on loans and other receivables over 2012 amounted to EUR 256 million. 2011 showed a charge of EUR 27 million as significant releases were recorded. Several impairments were recorded in the public and real estate sectors in 2012. Cost of risk increased to 58 bps (from 8 bps in 2011).

### *Loans and receivables – customers*

Loans and receivables – customers increased by EUR 3 billion to EUR 49.6 billion at 31 December 2012 from EUR 46.6 billion at 31 December 2011. This increase was mainly driven by a decrease in client volumes in securities financing activities, offset by growth in LC&MB's commercial loan portfolio and at Clearing.

### *Due to customers*

Due to customers decreased EUR 9.6 billion to EUR 37.0 billion at 31 December 2012 from EUR 46.6 billion at 31 December 2011, due mainly to lower client volumes in the securities financing activities.

### *FTEs*

The number of FTEs rose by 144 to 2,142 due to the growth of the foreign operations and the acquisition of certain RBS professionals to strengthen certain product capabilities.

### *Group Functions*

The majority of the costs of Group Functions are allocated to the business segments. Items that are not allocated to the business segments include, among other things, the operating result from AML/Treasury, general restructuring charges, certain integration costs and costs for the Dutch Deposit Guarantee Scheme.

#### *Selected Group Functions financial information*

	Year ended 31 December					
	2012			2011		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income .....	(29)	-	(29)	(8)	-	(8)
Net fee and commission income .....	(95)	-	(95)	13	-	13
Other non-interest income.....	197	-	197	268	-	268
Operating income.....	73	-	73	273	-	273
Operating expenses .....	433	428	5	541	308	233
Operating result.....	(360)	(428)	68	(268)	(308)	40
Impairment charges on loans and other receivables.....	(201)	-	(201)	832	-	832
Profit / (loss) before taxation...	(159)	(428)	269	(1,100)	(308)	(792)
Income tax expense.....	(52)	(107)	55	(329)	(77)	(252)
Profit / (loss) for the period .....	(107)	(321)	214	(771)	(231)	(540)

	As at 31 December	
	2012	2011
Loans and receivables – customers (in EUR billions)	5.4	5.0
Due to customers (in EUR billions)	3.7	6.7
Risk-weighted assets (in EUR billions) .....	6.4	7.8
FTEs.....	7,685	8,254

### *Profit/(loss) for the period*

Underlying profit for the year ended 31 December 2012 increased by EUR 754 million to EUR 214 million, as compared to a loss of EUR 540 million for the year ended 31 December 2011.

### *Operating income*

Underlying operating income for the year ended 31 December 2012 decreased by EUR 200 million, or 73%, to EUR 73 million, as compared to EUR 273 million for the year ended 31 December 2011 of which EUR 30 million resulted from the divestment of activities.

### Net interest income

Net interest income for the year ended 31 December 2012 declined by EUR 21 million to a loss of EUR 29 million, as compared to a loss of EUR 8 million for the year ended 31 December 2011. This decline was due largely to higher funding costs resulting from the lengthening of the funding maturity profile and higher capital costs related to the newly issued subordinated debt instruments.

### Net fee and commission income

Net fee and commission income declined by EUR 108 million to a loss of EUR 95 million from 2011. This decline mainly reflects the effect of divestments, the occurrence of several positive large items in 2011 and a reclassification of international payment fees from other expenses in 2012.

Other non-interest income dropped by EUR 71 million to EUR 197 million as the positive impact of releases from the Credit Umbrella and other EC Remedy-related provisions (EUR 215 million) was more than offset by fair value changes to structured funding instruments, the result of movements in interest rates, lower market valuations of the trading book and the impact of hedge accounting ineffectiveness.

### *Operating expenses*

Underlying operating expenses for the year ended 31 December 2012 decreased by EUR 228 million, or 98%, to EUR 5 million, as compared to EUR 233 million for the year ended 31 December 2011. Excluding divested activities, operating expenses went down by EUR 148 million.

Personnel expenses decreased in 2012, driven primarily by a EUR 165 million decline in the restructuring provisions from 2011 to 2012 and by the impact of divestments.

Other expenses declined, due mainly to lower maintenance and depreciation expenses following the positive effect of the disposal of property, the abovementioned reclassification of international payment fees, lower housing costs and higher intersegment revenues, and the impact of divestments.

### *Impairment charges on loans and other receivables*

Loan impairments moved from EUR 832 million in 2011 to a EUR 201 million impairment release for 2012. This was mainly the result of EUR 880 million impairment charges for Greek government-guaranteed corporate exposures in 2011 plus an impairment release following the sale of a tranche of those positions (EUR 125 million) in 2012.

### *FTEs*

The number of FTEs fell by 569 to 7,685 FTEs. The decrease in FTEs relates primarily to the integration and natural attrition.

#### 4.5 Results of operations for the years ended 31 December 2011 and 2010

##### *Selected Consolidated financial information*

	Year ended 31 December					
	2011			2010		
	(Reported)	(Reconciling items)	(Underlying)	(Reported)	(Reconciling items)	(Underlying)
	(in millions of euros)					
Net interest income .....	4,998	-	4,998	4,905	-	4,905
Net fee and commission income ..	1,811	-	1,811	1,766	-	1,766
Other non-interest income.....	985	-	985	126	(862)	988
Operating income.....	7,794	-	7,794	6,797	(862)	7,659
Operating expenses .....	5,357	362	4,995	6,229	894	5,335
Loan impairment.....	1,757	-	1,757	837	-	837
<i>Profit/(loss) before tax</i> .....	680	(362)	1,042	(269)	(1,756)	1,487
Income tax (expense)/credit .....	(9)	(91)	82	145	(265)	410
<b><i>Profit/(loss) for the period</i></b> .....	<b>689</b>	<b>(271)</b>	<b>960</b>	<b>(414)</b>	<b>(1,491)</b>	<b>1,077</b>

	Year ended 31 December	
	2011	2010 <sup>(1)</sup>
Underlying cost/income ratio.....	64%	70%
Return on average Equity (IFRS-EU).....	7.8%	8.9% <sup>(1)</sup>
Return on average RWA (in bps).	85	93 <sup>(1)</sup>

	As at 31 December	
	2011	2010 <sup>(1)</sup>
RWA/Total assets .....	29%	31%
Assets under Management (in EUR billion).....	146.6	164.2
Risk-weighted assets (in EUR billion) .....	118.3	116.3
FTEs.....	24,225	26,161

<sup>(1)</sup> The 2010 average figures are based on year-end 2010 position instead of average.

##### **Reconciling Items**

In the discussion of ABN AMRO's underlying results, the following adjustments for separation and integration related items were made to the reported year ended 31 December 2011 results:

- total identified integration costs amounted to EUR 359 million in 2011. They consisted of EUR 381 million in project costs and a partial release of EUR 22 million related to the integration restructuring provision, which was booked in 2010. Integration project costs in 2011 were mainly attributable to programmes concerning the merger of the Markets dealing rooms and the migration of Commercial & Merchant Banking and Private Banking clients to the ABN AMRO systems; and
- separation costs amounted to EUR 3 million in 2011.



In the full year ended 31 December 2011, these separation and integration related expenses totalled EUR 362 million (net of tax: EUR 271 million).

In the discussion of ABN AMRO's underlying results, the following adjustments for separation and integration related items were made to the reported year ended 31 December 2010 results:

- related to the EC Remedy, there was a EUR 862 million decrease in non-interest income, a decrease of EUR 17 million in operating expenses (resulting in net costs of a EUR 845 million pre-tax) and a EUR 33 million tax credit. This resulted in a total net loss of EUR 812 relating to the EC Remedy;
- other separation and integration costs resulted in a pre-tax increase of EUR 911 million in operating expenses (EUR 679 million net-of-tax), consisting of EUR 141 million in pre-tax separation costs (EUR 105 million net-of-tax), EUR 319 million in pre-tax integration costs (EUR 238 million net-of-tax) and EUR 451 million for restructuring, personnel and housing provision, (EUR 336 million net-of-tax). The reported results of the first half of 2010 included a provision of EUR 469 million, of which EUR 18 million was released again in the fourth quarter of 2010; and
- the EUR 894 million operating expenses adjustment in 2010 reflects the EUR 911 million of separation and integration costs described above, net of a release of EUR 17 million in operating expenses.

### **Profit/(loss) for the period**

Underlying profit for the year ended 31 December 2011 decreased by EUR 117 million, or 11%, to EUR 960 million, as compared to EUR 1,077 million for the year ended 31 December 2010. This decrease was primarily the result of the rapidly deteriorating macro-economic environment over 2011. Substantially higher loan impairments eroded the second half profit completely. More than 80% of the full-year loan impairments were accounted for in the second half of 2011.

The results in both the year ended 31 December 2011 and 2010 were influenced by several large items as well as by several divestments. See “—*Key factors affecting results of operation—Large items and divestments*”.

### **Operating income**

Underlying operating income for the year ended 31 December 2011 increased by EUR 135 million, or 2%, to EUR 7,794 million, as compared to EUR 7,659 million for the year ended 31 December 2010. This increase is primarily the result of the increases in net interest income and net fee and commission income discussed below. Out of total operating income, 82% of operating income was generated in the Netherlands and 14% came from the rest of Europe.

#### *Net interest income*

In spite of several divestments and unfavourable economic circumstances, net interest income for the year ended 31 December 2011 increased by EUR 93 million, or 2%, to EUR 4,998 million, as compared to EUR 4,905 million for the year ended 31 December 2010. The increase in interest income was mainly driven by volume growth of the commercial loan portfolio (Commercial & Merchant Banking, especially in Energy, Commodities & Transportation (“ECT”)). This was

partly offset by a combination of a decline in mortgage loan volumes, pressure on deposit margins due to increased competition and higher funding spreads. The net interest margin, in basis points of average total assets, remained virtually unchanged at 125bps in 2011.

#### *Net fee and commission income*

##### *Net fee and commission income*

	<b>Year ended 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<i>(in millions of euros)</i>	
<b><i>Fee and commission income</i></b>		
Securities and custodian services .....	1,106	1,095
Insurance and investment fees .....	110	113
Portfolio management and trust fees .....	392	437
Payment services.....	597	583
Guarantees and commitment fees .....	148	92
Other service fees.....	195	230
Total fee and commission income.....	2,548	2,550
<b><i>Fee and commission expense</i></b>		
Securities and custodian services .....	549	510
Insurance and investment fees .....	20	19
Portfolio management and trust fees .....	51	5
Payment services.....	70	76
Guarantees and commitment fees .....	14	166
Other service fees.....	33	8
Total fee and commission expense.....	737	784
<b>Total net fee and commission income.....</b>	<b>1,811</b>	<b>1,766</b>

Net fee and commission income increased by 3% or EUR 45 million from EUR 1,766 million for the year ended 31 December 2010 to EUR 1,811 million for the year ended 31 December 2011. This increase was mainly driven by lower costs for a credit protection instrument. Net fees and commissions were under pressure in 2011, due to lower transaction volumes as a consequence of adverse market conditions.

#### *Net trading income*

##### *Net trading income*

	<b>Year ended 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<i>(in millions of euros)</i>	
Interest instruments trading.....	170	43
Equity trading .....	(40)	91
Foreign exchange transaction results .....	177	162
Other .....	(83)	8
<b>Total .....</b>	<b>224</b>	<b>304</b>

Net trading income for the year ended 31 December 2011 decreased by EUR 80 million, or 26%, to EUR 224 million, as compared to EUR 304 million for the year ended 31 December 2010. This decrease was mainly due to losses in trading-index derivatives of EUR 131 million, losses on other trading derivatives of EUR 51 million and higher CVA losses (counterparty risk related to interest rate derivatives) of EUR 40 million (2010: loss of EUR 12 million) in Merchant Banking. The decrease was partly offset by the increase in Interest instrument trading, which was mainly

due to a higher volume of trading and the increase in market value of derivatives held for trading during 2011.

### *Results from financial transactions*

#### *ABN AMRO Results from financial transactions*

	<b>Year ended 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<i>(in millions of euros)</i>	
Net result on the sale of available-for-sale debt securities .....	(40)	92
Net result on the sale of available-for-sale equity investments .....	9	1
Impairments of available-for-sale equity investments.....	(4)	(4)
<i>Other net results:</i>		
Other equity investments .....	22	49
Government bonds designated through profit or loss.....	-	(30)
Dividends.....	57	9
Fair value changes in own credit risk and repurchase of own debt .....	44	182
Net result on risk mitigants .....	26	9
Other .....	160	22
<b>Total .....</b>	<b>274</b>	<b>330</b>

Results from financial transactions for the year ended 31 December 2011 decreased by EUR 56 million, or 17%, to EUR 274 million, as compared to EUR 330 million for the year ended 31 December 2010. This decrease was mainly driven by the replacement of high-yield government bonds, which resulted in a loss of EUR 40 million during 2011.

Fair value changes of other equity investments held at fair value through profit or loss are included in other equity investments in the amount of EUR 8 million (2010: EUR 34 million).

During 2011 ABN AMRO recorded a profit of EUR 25 million (2010: EUR 175 million) related to the buy back of own issued covered bonds recorded in Fair value changes in own credit risk and repurchase of own debt.

Net result on risk mitigants comprises the ineffectiveness of the various hedge accounting programmes and the unwinding of capital management-related guarantee transactions.

“Other” mainly includes economic hedges (e.g. hedges not qualified for hedge accounting) amounting to EUR 95 million (2010: EUR 22 million).

### **Operating expenses**

Underlying operating expenses for the year ended 31 December 2011 decreased by EUR 340 million, or 6%, to EUR 4,995 million, as compared to EUR 5,335 million for the year ended 31 December 2010 (which excludes the net EUR 362 (pre-tax) operating expenses adjustment reflecting the separation and integration items in 2011).

Personnel expenses, which included a EUR 187 million restructuring provision, remained unchanged in 2011 compared to 2010. Excluding the impact of the restructuring provision, personnel expenses would have decreased by 7% due to a reduction in the number of FTEs

(resulting from divestments and the integration), though this was partly offset by higher pension costs and wage inflation.

Other expenses decreased to EUR 2,457 million, down by 12% from 2010, which included EUR 305 million in litigation costs and provisions.

### **Operating result**

The operating result grew sharply to EUR 2,799 million, up 20% compared to 2010. The underlying cost/income ratio improved to 64% in 2011 (from 70% in 2010). This improvement reflected the realization of integration synergies.

### **Loan impairments**

Loan impairments for the year ended 31 December 2011 increased substantially by EUR 920 million to EUR 1,757 million, as compared to EUR 837 million for the year ended 31 December 2010. The increase relates largely to loan impairments of EUR 880 million on Greek government-guaranteed corporate exposures. Excluding these, loan impairments would have gone up by EUR 40 million or 5%, caused by higher impairments in Commercial & Merchant Banking, predominantly in Commercial Banking. Loan impairments in Private Banking declined sharply.

Total loan impairments over average RWA (cost of risk) went up to 156bps in 2011 (from 72bps in 2010<sup>9</sup>). Excluding the impairments on the Greek Government-Guaranteed Corporate Exposures, this figure would have been 78bps for 2011.

### **Income tax expenses**

The underlying effective tax rate dropped to 8% in 2011 from 28% in 2010. The decline was largely driven by tax exempt gains and a tax provision release in 2011.

### **FTEs**

The total number of full-time equivalents excluding temporary staff (FTEs) declined by 1,936 to 24,225 at year-end 2011 as a result of the integration as well as divestments of Prime Fund Solutions (a decline of 472 FTEs), the international division of Fortis Commercial Finance (a decline of 492 FTEs), and the Swiss Private Banking activities (a decline of 323 FTEs).

### **Assets under Management**

Assets under Management (AuM) decreased to EUR 146.6 billion, down from EUR 164.2 billion at yearend 2010. This decline was mainly caused by the negative market performance (EUR -9.3 billion) and disposal of the Swiss Private Banking activities, but was compensated by the acquisition of LGT Germany (net effect of disposal and acquisition was EUR -5.0 billion) and a

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• <sup>9</sup> The 2010 figures are based on year-end RWA position instead of average RWA.

net inflow of EUR 0.9 billion. Some legislative changes in the Netherlands<sup>10</sup> explain the remaining decline in AuM (a decline of EUR 4.2 billion).

## Selected Consolidated Balance Sheet Movements

### *Selected Consolidated Balance Sheet Data*

	<b>At 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<i>(in millions of euros)</i>	
<b>Assets</b>		
Cash and balances at central banks .....	7,641	906
Financial assets held for trading.....	29,523	24,300
Financial investments.....	18,721	20,197
Loans and receivables – banks.....	61,319	41,117
Loans and receivables – customers .....	272,008	273,944
Other .....	15,470	16,818
Total assets.....	<u>404,682</u>	<u>377,282</u>
<b>Liabilities</b>		
Financial liabilities held for trading .....	22,779	19,982
Due to banks .....	30,962	21,536
Due to customers .....	213,616	209,466
Issued debt .....	96,310	86,591
Subordinated liabilities .....	8,697	8,085
Other .....	20,898	19,510
Total liabilities .....	<u>393,262</u>	<u>365,170</u>
<b>Equity</b>		
Equity attributable to shareholders of the parent company .....	11,400	12,099
Equity attributable to minority interests.....	20	13
Total equity .....	<u>11,420</u>	<u>12,112</u>
Total liabilities and equity.....	<u>404,682</u>	<u>377,282</u>

### **Total assets**

Total assets increased by almost EUR 27.4 billion, from EUR 377.3 billion (on a harmonized basis) at 31 December 2010 to EUR 404.7 billion at 31 December 2011. This increase was primarily due to the client-driven growth in securities financing activities, an increase in swaps derivatives volume, and the loan portfolio. In addition, market circumstances resulted in higher market valuations of derivatives and expansion of the cash component of the liquidity buffer.

The year-end 2010 balance sheet includes activities divested in 2011. See "*Key factors affecting results of operations—Large items and divestments*".

<sup>10</sup> An amendment to the Dutch Securities Giro Transfer Act resulted in cancellation of the physical delivery of securities as of 1 July 2011, which means that investors have had to register physical securities with Euroclear Netherlands, the Dutch Central Securities Depository.

### *Cash and balances*

Cash and balances with central banks rose by EUR 6.7 billion to EUR 7.6 billion, predominantly due to overnight deposits placed at DNB.

### *Loans and receivables – banks*

Loans and receivables – banks rose sharply by EUR 20.2 billion (49.1%), mainly due to a steady increase in client flows in securities financing activities, higher collateral requirements for the derivatives activities and the expansion of the liquidity buffer.

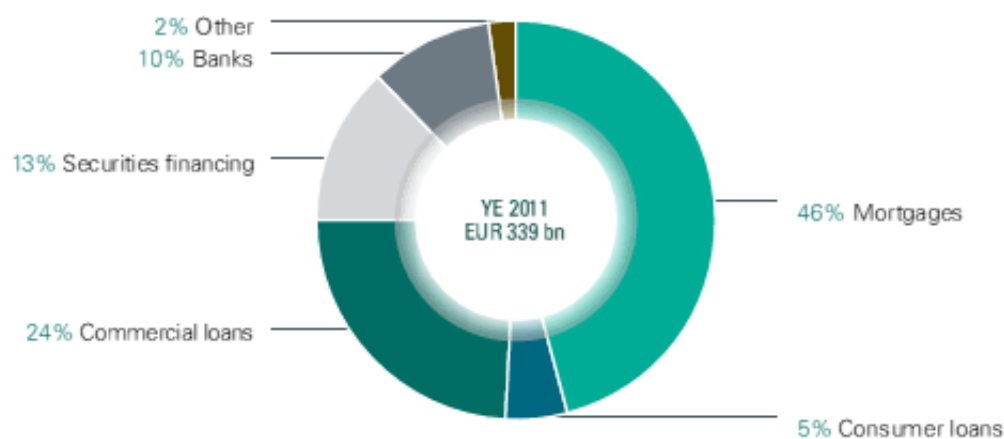
### *Loans and receivables – customers*

Loans and receivables – customers decreased by EUR 1.9 billion to EUR 272.0 billion at the end of December 2011 as the net result of:

- Growth in client-driven securities financing volumes;
- Loans and receivables – customers excluding securities financing declined by EUR 4.0 billion. Growth in the loan portfolio of Commercial Banking and ECT<sup>11</sup> was more than offset by a decrease in the residential mortgage loan portfolio, predominantly due to accounting changes and lower new mortgage production, the divestment of the international division of Fortis Commercial Finance and a reduction in current accounts following a harmonization of netting principles (impact of EUR 6.1 billion).

The bulk of the loan book is generated in the Netherlands (more than 90%), reflecting the fact that the majority of ABN AMRO's business mix is located in the Netherlands.

### **Loans and receivables – customers and banks gross of impairments**



• <sup>11</sup> Total ECT loan book was EUR 13.4 billion at year-end 2011.

### ***Total liabilities***

Total liabilities increased by EUR 28.1 billion, from EUR 365.2 billion (on a harmonized basis) at 31 December 2010 to EUR 393.3 billion at 31 December 2011. This increase was primarily due to increased securities financing flows and a larger amount of issued debt outstanding.

#### ***Due to banks***

Due to banks increased by EUR 9.4 billion to EUR 31.0 billion at 31 December 2011, as compared to EUR 21.5 billion at 31 December 2010. This was mainly the result of higher securities financing deposits.

#### ***Due to customers***

Due to customers increased by EUR 4.2 billion to EUR 213.6 billion at 31 December 2011 as compared to EUR 209.5 billion (on a harmonized basis) at 31 December 2010. This was primarily the result of growth in Retail and Private Banking deposits, which were offset by the sale of Prime Fund Solutions (PFS) and the Swiss Private Banking activities, and the abovementioned reduction in current accounts of EUR 6.1 billion following a harmonization of netting principles. In addition, a rise in securities financing deposits due to increased client flows was partly neutralised by a harmonization of netting principles.

#### **Total deposits**



### ***Issued debt***

At 31 December 2011, ABN AMRO had issued debt securities in the amount of EUR 96.3 billion, which represented an increase of EUR 9.7 billion, or 11%, compared to EUR 86.6 billion at 31 December 2010.

### ***Total equity***

At 31 December 2011, shareholders' equity decreased by EUR 0.7 billion, or 6%, to EUR 11.4 billion as compared to EUR 12.1 billion at 31 December 2010. This decrease was the result of a decline of EUR 1.2 billion in the special component of equity (SCE), partly offset by the retained part of the reported net profit. The SCE includes the effective portion of fair market value

fluctuations<sup>12</sup> of interest rate derivatives used for macro cash flow hedge accounting relating to assets and liabilities not reported at fair market value.

### **Results of operations by segment for the years ended 31 December 2011 and 2010**

ABN AMRO is organised into Retail & Private Banking (“**R&PB**”), Commercial & Merchant Banking (“**C&MB**”) and Group Functions. For financial reporting purposes, the Managing Board adopted a further refinement of the segment reporting in 2011, as follows: Retail Banking, Private Banking, Commercial Banking, Merchant Banking and Group Functions. As from 2011, the majority of the costs of Group Functions have been allocated to business segments<sup>13</sup>. This change affects the year-on-year segment comparison.

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- <sup>12</sup> Fair value movements of derivatives that mirror cash flow variability (the effective portion) of hedges on non-trading assets and liabilities is recorded in the cash flow hedge reserve, part of the SCE. The remainder of fair value movements on the interest rate derivatives (ineffective portion) is recorded in the income statement.
  - <sup>13</sup> Items that are not allocated to the businesses include the operating results from ALM/Treasury, general restructuring charges, certain integration costs and costs for the Dutch Deposit Guarantee Scheme.



## Retail Banking

### Selected Retail Banking financial information

	Year ended 31 December					
	2011			2010		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income .....	2,671	-	2,671	2,945	-	2,945
Non-interest income .....	541	-	541	594	-	594
Operating income .....	3,212	-	3,212	3,539	-	3,539
Operating expenses .....	1,776	11	1,765	1,799	32	1,767
Operating result .....	1,436	(11)	1,447	1,740	(32)	1,772
Loan impairments .....	276	-	276	271	-	271
Profit / (loss) before taxation ...	1,160	(11)	1,171	1,469	(32)	1,501
Income tax expense .....	280	(3)	283	366	(8)	374
Profit / (loss) for the period .....	880	(8)	888	1,103	(24)	1,127

	Year ended 31 December	
	2011	2010 <sup>(1)</sup>
Underlying cost-to- income ratio .....	55%	50%

	As at 31 December	
	2011	2010 <sup>(1)</sup>
Loan-to-deposit ratio	218%	240%
Loans and receivables – customers (in EUR billion) .....	162.6	167.5
Of which mortgages (in EUR billion) .....	151.5	155.2
Due to customers (in EUR billion) .....	72.0	69.7
Risk-weighted assets (in EUR billion) .....	32.3	35.1
Return on average RWE (in bps) .....	272	321 <sup>(1)</sup>
FTEs .....	6,680	7,116

<sup>(1)</sup> The 2010 average figures are based on year-end 2010 position instead of average.

### Profit/(loss) for the period

Underlying profit for the year ended 31 December 2011 decreased by EUR 239 million, or 21%, to EUR 888 million, as compared to EUR 1,127 million for the year ended 31 December 2010 (which excludes the net impact of separation and integration related items of EUR 8 million (net-of-tax) in 2011 and EUR 24 million (net-of-tax) in 2010, respectively). This decrease is primarily a result of the transfer of SME portfolios to Commercial Banking and a mismatch result to Group Functions.

### *Operating income*

Operating income for the year ended 31 December 2011 decreased by EUR 327 million, or 9%, to EUR 3,212 million, as compared to EUR 3,539 million for the year ended 31 December 2010. This decrease resulted primarily from declines in net interest income and non-interest income discussed below.

### Net interest income

Net interest income for the year ended 31 December 2011 decreased by EUR 274 million, or 9%, to EUR 2,671 million, as compared to EUR 2,945 million for the year ended 31 December 2010. This decrease resulted primarily from the transfers of SME portfolios to Commercial Banking (total impact of EUR 189 million). In addition to these transfers, both loan margins and volumes shrank over the course of 2011. The total loan portfolio decreased by 3% to EUR 162.6 billion. Net interest income on the mortgage portfolio declined as a result of a lower average volume and lower margins on mortgages with a variable interest rate.

The average volume of client deposits grew compared to year-end 2010. However, the positive volume impact was offset by lower margins due to increases in client rates throughout the year as competition in the savings market increased.

### Non-interest income

Non-interest income for the year ended 31 December 2011 decreased by EUR 53 million, or 9%, to EUR 541 million, as compared to EUR 594 million for the year ended 31 December 2010. Net fee and commission income decreased by EUR 14 million to EUR 490 million due to lower transaction volumes as a result of economic uncertainty.

Other non-interest income showed a EUR 39 million decrease as results from joint ventures and other equity accounted investments in 2011 were lower compared to 2010. In addition, 2010 included a one-off gain on the sale of a mortgage portfolio.

### Operating expenses

Underlying operating expenses for the year ended 31 December 2011 remained flat at EUR 1,765 million, as compared to EUR 1,767 million for the year ended 31 December 2010 (which excludes the separation and integration related items of EUR 11 million (pre tax) in 2011 and EUR 32 million (pre tax) in 2010, respectively). This was primarily because integration synergies and the transfer of activities to Group Functions and Commercial Banking were fully offset by higher internal cost allocation.

Personnel expenses came down by 10% due to the integration of the branch network, which led to a reduction in the number of FTEs, and the transfer of activities and related personnel to C&MB and Group Functions.

Other expenses increased by 5%. The cost benefits from the transfer of activities to Group Functions were more than offset by an increase in allocated costs.

### *Operating result*

The underlying operating result decreased by 18%. The underlying cost/income ratio increased to 55% from 50%.

### *Loan impairments and other credit risk provisions*

Loan impairments for the year ended 31 December 2011 increased marginally by EUR 5 million, or 2%, to EUR 276 million, as compared to EUR 271 million for the year ended 31 December

2010. Despite economic circumstances, impairments on the mortgage portfolio were marginally lower. Impairments on consumer loans slightly increased. The combination of an increase in loan impairments and a decrease in RWA resulted in an increase in the cost of risk by 7bps to 84bps over 2011.

#### *Risk-weighted assets*

RWA were EUR 2.8 billion lower than in 2010, mainly due to a reduction of RWA add-ons following the completion of the integration of the former FBN and ABN AMRO IT systems.

#### *Loans and receivables – customers*

Loans and receivables – customers decreased by EUR 4.9 billion to EUR 162.6 billion at 31 December 2011, as compared to EUR 167.5 billion at 31 December 2010, mainly due to the transfer of an SME portfolio to Commercial Banking in 2011 and a decline in the mortgage portfolio.

More than 90% of Retail Banking's loan book is comprised of prime Dutch residential mortgages. The residential mortgage portfolio decreased by EUR 3.7 billion, approximately half of which was related to a reclassification<sup>14</sup> to consumer loans (no impact on total movement of Loans and receivables – customers). The current economic downturn combined with uncertainty regarding the fiscal treatment of mortgage interest contributed to a decrease in the number of transactions.

Excluding the abovementioned reclassification, consumer loans declined somewhat. The decrease occurred predominantly in the first half of the year as households used their holiday payments to redeem loans. The total market volume for consumer loans was virtually stable compared to 2010.

#### *Due to customers*

Due to customers rose by EUR 2.3 billion to EUR 72.0 billion at 31 December 2011 as compared to EUR 69.7 billion at 31 December 2010. This growth was realised in a highly competitive market and was evenly divided over the first and second halves of the year. The increase in the second half of 2011 was driven mainly by the successful launch of MoneYou in Germany.

#### *FTEs*

FTEs in Retail Banking decreased by 436 to 6,680 at 31 December 2011, mainly due to further optimization of the branch network and the closing of branches as part of the integration.

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• <sup>14</sup> Consumer loans collateralised with residential property.

## Private Banking

### Selected Private Banking financial information

	Year ended 31 December					
	2011			2010		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income .....	558	-	558	485	-	485
Net fee and commission income .....	578	-	578	652	-	652
Other non-interest income .....	166	-	166	89	-	89
Operating income .....	1,302	-	1,302	1,226	-	1,226
Operating expenses .....	1,010	20	990	1,097	43	1,054
Operating result .....	292	(20)	312	129	(43)	172
Loan impairments .....	16	-	16	71	-	71
Profit / (loss) before taxation...	276	(20)	296	58	(43)	101
Income tax expense .....	36	(5)	41	26	(11)	37
Profit / (loss) for the period .....	240	(15)	255	32	(32)	64

	Year ended 31 December	
	2011	2010 <sup>(1)</sup>
Underlying cost/income ratio...	76%	86%

	As at 31 December	
	2011	2010 <sup>(1)</sup>
Loan-to-deposit ratio .....	28%	31%
Loans and receivables – customers (in EUR billion) .....	16.0	16.4
Of which mortgages (in EUR billion) .....	3.6	4.2
Due to customers (in EUR billion) .....	54.3	53.5
Risk-weighted assets (in EUR billion) .....	13.8	14.5
Return on average RWA (in bps) .....	187	44 <sup>(1)</sup>
FTEs .....	3,746	4,016

<sup>(1)</sup> The 2010 average figures are based on year-end 2010 position instead of average.

### Profit/(loss) for the period

Underlying profit for the year ended 31 December 2011 increased by EUR 191 million to EUR 255 million, as compared to EUR 64 million for the year ended 31 December 2010 (which excludes the net impact of separation and integration related items of EUR 15 million (net-of-tax) in 2011 and EUR 32 million (net-of-tax) in 2010, respectively). This was primarily the result of a book gain on the sale of the Swiss Private Banking activities, lower operating expenses and lower loan impairments.

### Operating income

Operating income for the year ended 31 December 2011 increased by EUR 76 million, or 6%, to EUR 1,302 million, as compared to EUR 1,226 million for the year ended 31 December 2010. This increase resulted primarily from higher interest results and a book gain on the sale of the Swiss Private Banking activities in 2011.

### Net interest income

Net interest income for the year ended 31 December 2011 increased by EUR 73 million, or 15%, to EUR 558 million, as compared to EUR 485 million for the year ended 31 December 2010. This increase was primarily the result of higher deposit volumes and better margins.

### Non-interest income

Non-interest income for the year ended 31 December 2011 increased slightly by EUR 3 million to EUR 744 million, as compared to EUR 741 million for the year ended 31 December 2010. Net fee and commission income decreased by 11% as clients switched partly out of investments into cash during 2011. This was offset by an increase of 87% in Other non-interest income, mainly driven by a gain on the sale of the Swiss Private Banking activities.

### *Operating expenses*

Underlying operating expenses for the year ended 31 December 2011 decreased by EUR 64 million, or 6%, to EUR 990 million, as compared to EUR 1,054 million for the year ended 31 December 2010 (which excludes the separation and integration related items of EUR 20 million (pre tax) in 2011 and EUR 43 million (pre tax) in 2010, respectively). Operating expenses in 2010 included legal provisions that did not recur in 2011. Adjusted for these legal provisions, operating expenses increased slightly as a result of one-off IT costs and higher internal cost allocation.

### *Operating result*

Underlying operating result improved significantly from EUR 172 million to EUR 312 million. The underlying cost/income ratio improved to 76% from 86% as a result of a rise in revenues and a decrease in costs.

### *Loan impairments and other credit risk provisions*

Loan impairments for the year ended 31 December 2011 decreased by EUR 55 million, or 77%, to EUR 16 million, as compared to EUR 71 million for the year ended 31 December 2010 due to a combination of releases and considerably lower loan impairments compared to the high levels of 2010.

### *Risk-weighted assets*

RWA decreased by 5% mainly due to the harmonization of models.

### *Loans and receivables – customers*

Loans and receivables – customers decreased by EUR 0.4 billion, or 3%, to EUR 16.0 billion at 31 December 2011 as compared to EUR 16.4 billion at 31 December 2010. This was mainly the result of the sale of the Swiss Private Banking activities. The mortgage portfolio of Private Banking amounted to EUR 3.6 billion; the remainder relates mainly to the International Diamond & Jewelry Group activities.

### *Due to customers*

Despite the sale of the Swiss Private Banking activities, Due to customers increased EUR 0.8 billion from EUR 53.5 billion at 31 December 2010 to EUR 54.3 billion at 31 December 2011, as selected retail clients were migrated to Private Banking, new inflow in deposits was recorded and clients sold their securities and moved to cash.

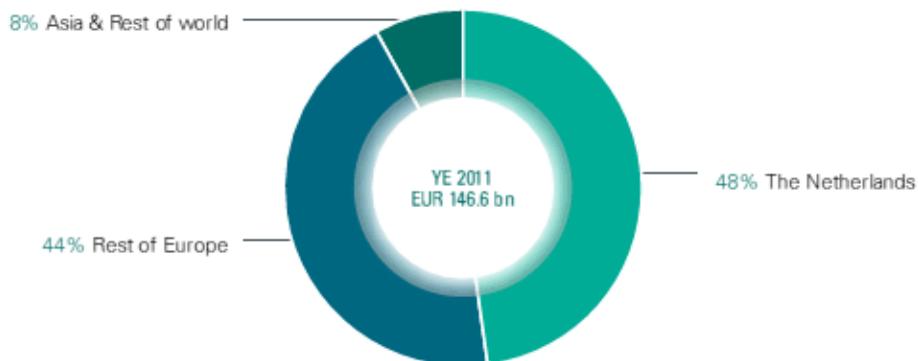
### *Assets under Management*

Assets under Management (AuM) decreased by EUR 17.6 billion to EUR 146.6 billion. This decline was mainly caused by a negative market performance and the disposal of the Swiss Private Banking activities compensated by the acquisition of LGT Germany and a net inflow of EUR 0.9 billion. Legislative changes in the Netherlands also resulted in a decline in AuM.

### *AuM development*

	<b>At 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<i>(in billions of euros)</i>	
<b>Balance on 1 January</b> .....	<b>164.2</b>	<b>149.7</b>
Net new assets .....	0.9	0.6
Market performance .....	(9.3)	10.5
Divestments/acquisitions .....	(5.0)	-
Legislative changes .....	(4.2)	-
Other .....	-	3.4
<b>Balance on 31 December</b> .....	<b>146.6</b>	<b>164.2</b>

### **Assets under Management by geography**



As a result of the EC state aid investigation, ABN AMRO had to offer Private Banking clients in the Netherlands the possibility to transfer their portfolios to another bank at no cost during a period of two months starting at the end of July 2011. Fewer than 200 clients made use of this option, with no material impact on AuM or on operating income.

Most of the Assets under Management were generated in Europe and were equally divided between the Netherlands and the rest of Europe.

## FTEs

The number of FTEs decreased by 270 mainly as a result of the sale of the Swiss Private Banking activities (a decline of 323 FTEs) partly offset by the acquisition of LGT Deutschland in Germany (an increase of 112 FTEs).

## Commercial Banking

Certain small and medium-sized enterprise clients were included in the results of Retail Banking until November 2010. As from that date, these results were included in Commercial Banking. The full P&L effect of this transfer was shown in 2011.

### Selected Commercial Banking financial information

	Year ended 31 December					
	2011			2010		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income .....	1,231	-	1,231	1,199	-	1,199
Net fee and commission income .....	366	-	366	375	-	375
Other non-interest income.....	80	-	80	91	-	91
Operating income.....	1,677	-	1,677	1,665	-	1,665
Operating expenses .....	1,147	-	1,147	1,034	-	1,034
Operating result.....	230	-	530	631	-	631
Loan impairments .....	606	-	606	538	-	538
Total expenses .....	1,753	-	1,753	1,572	-	1,572
Profit / (loss) before taxation...	(76)	-	(76)	93	-	93
Income tax expense .....	(12)	-	(12)	36	-	36
Profit / (loss) for the period .....	(64)	-	(64)	57	-	57

	Year ended 31 December	
	2011	2010 <sup>(1)</sup>
Underlying cost/income ratio...	68%	62%

	Year ended 31 December	
	2011	2010 <sup>(1)</sup>
Loan-to-deposit ratio.....	122%	109%
Loans and receivables – customers (in EUR billion) .....	41.9	42.4
Due to customers (in EUR billion) .....	34.0	39.0
Risk-weighted assets (in EUR billion).....	28.3	29.3
Return on average RWA (in bps)	(23)	19 <sup>(1)</sup>
FTEs.....	3,547	4,013

<sup>(1)</sup> The 2010 average figures are based on year-end 2010 position instead of average.

### Profit/(loss) for the period

Underlying profit for the year ended 31 December 2011 decreased by EUR 121 million to a loss of EUR 64 million, as compared to a profit of EUR 57 million for the year ended 31 December

2010. This increase primarily resulted from high loan impairments both in 2010 and 2011 as well as higher internal cost allocations starting from 2011.

#### *Operating income*

Operating income for the year ended 31 December 2011 increased slightly by EUR 12 million to EUR 1,677 million, as compared to EUR 1,665 million for the year ended 31 December 2010.

#### Net interest income

Net interest income for the year ended 31 December 2011 increased by EUR 32 million, or 3%, to EUR 1,231 million, as compared to EUR 1,199 million for the year ended 31 December 2010. This increase was primarily due to the transfer of activities from Retail Banking. Lower margins on corporate loans were offset by higher margins on deposits. Loan volumes increased marginally, while deposit volumes decreased marginally.

#### Non-interest income

Non-interest income for the year ended 31 December 2011 decreased by EUR 20 million, or 4%, to EUR 446 million, as compared to EUR 466 million for the year ended 31 December 2010. This was mainly a result of decreases in net fee and commission income due to lower payment fees and the sale of the international division of Fortis Commercial Finance in 2011.

#### *Operating expenses*

Underlying operating expenses for the year ended 31 December 2011 increased by EUR 113 million, or 11%, to EUR 1,147 million, as compared to EUR 1,034 million for the year ended 31 December 2010. This increase was primarily due to higher allocation of internal costs. Personnel expenses remained flat.

#### *Operating result*

The underlying operating result decreased by 16%. The underlying cost/income ratio increased from 62% in 2010 to 68% in 2011 mainly due to the increases in operating expenses discussed above.

#### *Loan impairments*

Loan impairments for the year ended 31 December 2011 increased by EUR 68 million, or 13%, to EUR 606 million, as compared to EUR 538 million for the year ended 31 December 2010. This was due mainly to the rise of impairments in the second half of 2011 as the Dutch economy slid into recession. Impairment levels were already elevated in 2010. As a result, risk costs increased to 221bps, up 37bps from 2010 levels (calculated at year end levels for 2010). The sectors impacted in 2011 were mainly real estate, construction and industrial goods and services.

#### *Risk-weighted assets*

RWA at year-end 2011 were EUR 28.3 billion, only a fraction lower compared to 2010.



### *Loans and receivables – customers*

Loans and receivables – customers decreased by EUR 0.5 billion to EUR 41.9 billion at 31 December 2011 from EUR 42.4 billion at 31 December 2010. The sale of the international division of Fortis Commercial Finance resulted in a decline of EUR 1.1 billion. The technical migration of all commercial clients to a single IT platform led to a harmonization of netting of certain current accounts which caused Loans and receivables – customers as well as Due to customers to decrease by EUR 4.0 billion in the fourth quarter of 2011. This decline was partly offset by growth in loans to commercial clients.

### *Due to customers*

Due to customers was EUR 34.0 billion at 31 December 2011 compared to EUR 39.0 billion at year-end 2010. The decrease of EUR 5.0 billion was mainly related to the abovementioned netting of current accounts. A limited decline in SME deposits was recorded.

### *FTEs*

The number of FTEs declined by 12% mainly due to the sale of the international division of Fortis Commercial Finance.

### **Merchant Banking**

#### *Selected Merchant Banking financial information*

	Year ended 31 December					
	2011			2010		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income .....	546	-	546	390	-	390
Net fee and commission income .....	364	-	364	318	-	318
Non-interest income .....	420	-	420	302	-	302
Operating income .....	1,330	-	1,330	1,010	-	1,010
Operating expenses .....	883	23	860	972	9	963
Operating result .....	447	(23)	470	38	(9)	47
Loan impairments .....	27	-	27	(20)	-	(20)
Profit / (loss) before taxation...	420	(23)	443	58	(9)	67
Income tax expense .....	16	(6)	22	(50)	(2)	(48)
Profit / (loss) for the period .....	404	(17)	421	108	(7)	115

	Year ended 31 December	
	2011	2010 <sup>(1)</sup>
Underlying cost/income ratio...	65%	95%

	Year ended 31 December	
	2011	2010 <sup>(1)</sup>
Loan-to-deposit ratio	137%	120%
Loans and receivables – customers (in EUR billion) .....	46.6	42.4
Due to customers (in EUR billion) .....	46.6	37.7
Risk-weighted assets (in	36.1	32.1

EUR billion).....		
Return on averaged RWA (in bps) .....	131	36 <sup>(1)</sup>
FTEs.....	1,998	1,836

<sup>(1)</sup> The 2010 average figures are based on year-end 2010 position instead of average.

### *Profit/(loss) for the period*

Underlying profit for the year ended 31 December 2011 increased by EUR 306 million to EUR 421 million, as compared to EUR 115 million for the year ended 31 December 2010 (which excludes the impact of separation and integration related items of EUR 17 million (net-of-tax) in 2011 and EUR 7 million (net-of-tax) in 2010, respectively). This increase primarily resulted from higher operating income and the absence of large litigation provisions in 2011.

### *Operating income*

Operating income for the year ended 31 December 2011 increased by EUR 320 million, or 32%, to EUR 1,330 million, as compared to EUR 1,010 million for the year ended 31 December 2010. This increase resulted from gains in net interest income and non-interest income discussed below.

### Net interest income

Net interest income for the year ended 31 December 2011 increased by EUR 156 million, or 40%, to EUR 546 million, as compared to EUR 390 million for the year ended 31 December 2010. This increase was due mainly to higher revenue levels at LC&MB and stable income at ABN AMRO Clearing Bank N.V. offset by lower income in Markets (sales and trading) as a consequence of market circumstances.

### Non-interest income

Non-interest income for the year ended 31 December 2011 increased by EUR 164 million, or 26%, to EUR 784 million, as compared to EUR 620 million for the year ended 31 December 2010. This was mainly a result of an increase in other non-interest income by 39% to EUR 420 million, mainly driven by favourable Private Equity results. However, slow market circumstances and increased volatility brought down other non-interest income in Markets in the second half of 2011. Net fee and commission income remained stable and was generated mainly at ABN AMRO Clearing Bank N.V. and LC&MB.

### *Operating expenses*

Underlying operating expenses for the year ended 31 December 2011 decreased by EUR 103 million, or 11%, to EUR 860 million, as compared to EUR 963 million for the year ended 31 December 2010 (which excludes the separation and integration related items of EUR 23 million (pre tax) in 2011 and EUR 9 million (pre tax) in 2010, respectively). This was primarily due to due to large litigation provisions taken in 2010. Internal cost allocation increased compared to 2010.

Personnel expenses increased by EUR 49 million to EUR 285 million due mainly to an increase in FTEs following the rebuilding and growth of the businesses.

Other expenses decreased by EUR 152 million to EUR 575 million. Adjusted for the large litigation provisions taken in 2010, other expenses increased mainly as a result of higher cost allocations from Group Functions.

#### *Operating result*

The underlying operating result increased to EUR 470 million from EUR 47 million in 2010. The underlying cost/income ratio improved from 95% in 2010 to 65% in 2011.

#### *Loan impairments*

Loan impairments for the year ended 31 December 2011 increased by EUR 47 million to EUR 27 million, as compared to a release of EUR 20 million for the year ended 31 December 2010. Both in 2010 and in the first half of 2011, releases of loan impairments previously taken were recorded. However, this trend reversed in the second half of 2011, when several impairments were taken in the real estate portfolio. Risk costs (8bps in 2011), however, remained at very low levels.

#### *Risk-weighted assets*

RWA increased from EUR 32.1 billion to EUR 36.1 mainly due to business growth.

#### *Loans and receivables – customers*

Loans and receivables – customers increased by EUR 4.2 billion from EUR 42.4 billion at 31 December 2010 to EUR 46.6 billion at 31 December 2011. This increase was mainly driven by growth in the ECT loan portfolio, an increase in securities financing activities and small growth at ABN AMRO Clearing Bank N.V. The growth of the loan portfolio was partly offset by a reduction in current accounts following a harmonization of netting principles.

#### *Due to customers*

Due to customers increased by almost EUR 8.9 billion to EUR 46.6 billion at 31 December 2011 from EUR 37.7 billion at 31 December 2010. This growth was predominantly the result of increased client flows at ABN AMRO Clearing Bank N.V. and securities financing activities.

#### *FTEs*

The number of FTEs rose by 162 due to continued efforts to rebuild the capabilities and growth of the business.

#### ***Group Functions***

The majority of the costs of Group Functions are allocated to the businesses. Items that are not allocated to the business include, among other things, the operating result from AML/Treasury, general restructuring charges, certain integration costs and costs for the Dutch Deposit Guarantee Scheme.

The operating results of the EC Remedy activities, the operating results and the transaction result upon the sale of Prime Fund Solutions have been included in the segment Group Functions.

*Selected Group Functions financial information*

	Year ended 31 December					
	2011			2010		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income .....	(8)	-	(8)	(111)	-	(111)
Net fee and commission income .....	13	-	13	(83)	-	(83)
Other non-interest income.....	268	-	268	(449)	(862)	413
Operating income.....	273	-	273	(643)	(862)	219
Operating expenses .....	541	308	233	1,327	810	517
Operating result.....	348	(308)	40	512	(810)	(298)
Loan impairments .....	832	-	832	(23)	-	(23)
Profit / (loss) before taxation...	(1,100)	(308)	(792)	(1,947)	(1,672)	(275)
Income tax expense.....	(329)	(77)	(252)	(233)	(244)	11
Profit / (loss) for the period .....	(771)	(231)	(540)	(1,714)	(1,428)	(286)

	As at 31 December		
	2011	2010	
Loans and receivables – customers (in EUR billions)		5.0	5.2
Due to customers (in EUR billions)		6.7	9.6
Risk-weighted assets (in EUR billions) .....		7.8	5.3
FTEs.....		8,254	9,179

*Profit/(loss) for the period*

Underlying profit for the year ended 31 December 2011 decreased by EUR 254 million, or 89%, to a loss of EUR 540 million, as compared to a loss of EUR 286 million for the year ended 31 December 2010 (which excludes the net adverse impact of separation and integration costs of EUR 231 million (net-of-tax) in 2011 and the 2010 net adverse impact of the EC Remedy and other separation and integration costs of EUR 1,428 million (net-of-tax), respectively). This was mainly the result of significant loan impairments on the Greek Government-Guaranteed Corporate Exposures and a restructuring provision.

*Operating income*

Underlying operating income for the year ended 31 December 2011 increased by EUR 54 million, or 25%, to EUR 273 million, as compared to EUR 219 million for the year ended 31 December 2010 (for 2010, this excludes the negative income of EUR 862 million due to separation and integration related items).

Net interest income

Net interest income for the year ended 31 December 2011 improved by EUR 103 million, or 93%, to a loss of EUR 8 million, as compared to a loss of EUR 111 million for the year ended 31 December 2010. This improvement was due largely to the absence of interest cost for capital instruments and a risk transfer from R&PB, partially offset by higher funding costs and the impact of divestments.

### Non-interest income

Underlying non-interest income for the year ended 31 December 2011 decreased by EUR 49 million, or 15%, to EUR 281 million, as compared to EUR 330 million for the year ended 31 December 2010 (which excludes the negative income of EUR 862 million (tax exempt) due to separation and integration related items in 2010).

Net fee and commission income improved by EUR 96 million to EUR 13 million from 2010, largely driven by the absence of fees paid for a credit protection instrument in 2010 and offset by the impact of divestments.

Other non-interest income dropped by EUR 145 million to EUR 268 million due mainly to a EUR 175 million gain on the buyback of a subordinated note in 2010.

### *Operating expenses*

Underlying operating expenses for the year ended 31 December 2011 decreased by EUR 284 million, or 55%, to EUR 233 million, as compared to EUR 517 million for the year ended 31 December 2010 (which excludes the net separation and integration related items of EUR 308 million (pre tax) in 2011 and EUR 810 million (pre tax) in 2010, respectively). This decrease was primarily due to revised cost allocation.

Personnel expenses increased in 2011, as a EUR 181 million restructuring provision for further restructurings and staff reductions was taken in 2011. This increase was partly offset by the effect of the 2010 divestments.

Other expenses improved predominantly as a consequence of a change in cost allocations, which shifts costs from Group Functions to the businesses, partially offset by EUR 27 million additional charges for the deposit guarantee scheme relating to the subordinated deposits of DSB.

### *Loan impairments and other credit risk provisions*

Loan impairments for the year ended 31 December 2011 increased significantly by EUR 855 million to EUR 832 million, as compared to a release of EUR 23 million for the year ended 31 December 2010. This was mainly due to EUR 880 million of loan impairments on Greek government-guaranteed corporate exposures.

### *FTEs*

The number of FTEs dropped by 925 to 8,254 FTEs. The decrease in FTEs relates primarily to the divestment of PFS and the progressing integration in Group Functions.

## **4.6 Other references**

### **Liquidity and Funding**

For information with respect to liquidity and funding, see Chapter 19 "Liquidity & funding" in the Annual Report 2012, incorporated by reference herein.

### **Risk Management**

For information with respect to risk management, see Chapter 17 "Risk management" in the Annual Report 2012, incorporated by reference herein.

### **Capital Management**

For information with respect to capital adequacy, see Chapter 18 "Capital management" in the Annual Report 2012, incorporated by reference herein.

### **Critical Accounting Policies**

For critical accounting policies and changes contained in accounting rules, see "Accounting Policies" in Note 1 of the Consolidated Annual Financial Statements 2012 and Consolidated Annual Financial Statements 2011.

### **4.7 Related Party Transactions**

For information with respect to transactions with related parties, including the Dutch State, see "*Related parties*" in Note 43 of the Consolidated Annual Financial Statements 2012 and Consolidated Annual Financial Statements 2011.

## 5 SELECTED STATISTICAL INFORMATION

*The reported results for the year ended and as at 31 December 2012, 2011 and 2010 included in "The Issuer—Selected Statistical Information" were extracted from the audited Consolidated Annual Financial Statements 2012 and 2011 of ABN AMRO Group N.V. Underlying results and reconciling items, where included, have been extracted from management accounts and have neither been audited nor reviewed (as applicable) by the independent auditors. Certain information in this section derived from ABN AMRO's Annual Report 2012 and 2011 has been audited and is part of the ABN AMRO's Consolidated Annual Financial Statements, as permitted by IFRS 7. Other information derived from the Annual Report 2012 and Annual Report 2011 is unaudited and labelled with a footnote.*

Set out below are certain statistical disclosures, including ABN AMRO's financial assets and liabilities held for trading, details of its loan portfolio and a maturity analysis of its assets and liabilities. This Base Prospectus has been prepared in accordance with the rules and regulations of Euronext in Amsterdam and the AFM, which has disclosure requirements which are different from those of the United States. In particular, the information below is not presented in the form or with the content that would be required in an offering registered pursuant to the Securities Act.

Figures below are presented as at and for the year ended 31 December 2012, 2011 and 2010. Certain figures in this section may not add up exactly due to rounding. In addition, certain percentages in this section have been calculated using rounded figures.

### 5.1 Financial Assets and Liabilities Held for Trading

#### Financial assets held for trading

The table below shows the composition of assets held for trading as at 31 December 2012, 2011 and 2010:

	At 31 December		
	2012	2011	2010
	(in millions of euros)		
<b>Trading securities:</b>			
Treasury bills .....	-	-	75
Government bonds .....	2,127	2,355	2,822
Corporate debt securities .....	799	333	813
Equity securities .....	2,539	10,808	10,497
<b>Total trading securities .....</b>	<b>5,465</b>	<b>13,496</b>	<b>14,207</b>
<b>Derivatives held for trading</b>			
Over the counter (OTC) .....	15,437	13,479	7,998
Exchange traded .....	289	763	213
<b>Total trading derivatives .....</b>	<b>15,726</b>	<b>14,242</b>	<b>8,211</b>
Trading book loans .....	1,107	1,255	1,716
Commodities .....	506	530	166
<b>Total assets held for trading .....</b>	<b>22,804</b>	<b>29,523</b>	<b>24,300</b>

As at 31 December 2012, financial assets held for trading decreased by EUR 6.7 billion from

EUR 29.5 billion to EUR 22.8 billion as at 31 December 2011 due primarily low equity trade positions following uncertainty regarding the impact of Basel III, offset by higher market value of interest rate derivatives.

As at 31 December 2011, financial assets held for trading increased by EUR 5.2 billion from 31 December 2010 due primarily to an increase of the volume and the fair value of derivatives OTC. The other assets held for trading fully relate to commodity positions held by ABN AMRO.

### Financial liabilities held for trading

The table below shows the composition of liabilities held for trading as at 31 December 2012, 2011 and 2010:

	At 31 December		
	2012	2011	2010
	<i>(in millions of euros)</i>		
Short security positions.....	3,138	8,858	10,584
<b>Derivative financial instruments:</b>			
Over the counter (OTC).....	14,551	13,150	8,351
Exchange traded.....	517	316	257
<b>Total derivatives held for trading.....</b>	<b>15,068</b>	<b>13,466</b>	<b>8,608</b>
Other liabilities held for trading.....	576	455	790
<b>Total liabilities held for trading.....</b>	<b>18,782</b>	<b>22,779</b>	<b>19,982</b>

As at 31 December 2012, financial liabilities held for trading decreased by EUR 4.0 billion from EUR 22.8 billion to EUR 18.8 billion, mainly due to lower equity trade positions.

As at 31 December 2011, financial liabilities held for trading increased by EUR 2.8 billion from 31 December 2010, due primarily to an increase in the fair value of derivatives held for trading of EUR 4.9 billion and a decrease in the short security positions of EUR 1.7 billion.

The assets and liabilities held for trading are managed on a combined basis and should therefore be assessed on a total portfolio basis and not as stand-alone assets and liability classes. ABN AMRO's financial assets and liabilities held for trading mainly relates to client-facilitating activities carried out by the Markets business.

## 5.2 Loan Portfolio

### Outstanding loans to banks and to customers

The table below sets out outstanding loans to banks and to customers as at 31 December 2012, 2011 and 2010:

	At 31 December		
	2012	2011	2010
	<i>(in millions of euros)</i>		
<b>Loans and receivables – banks</b>			
Interest-bearing deposits.....	21,461	15,294	7,312



	At 31 December		
	2012	2011	2010
	<i>(in millions of euros)</i>		
Loans and advances.....	10,207	14,195	5,379
Professional securities transactions.....	14,277	27,825	24,018
Mandatory reserve deposits with central banks .....	287	3,648	4,187
Other.....	194	383	270
<b>Total Loans and receivables – banks.....</b>	<b>46,426</b>	<b>61,345</b>	<b>41,166</b>
Loan Impairment Allowance .....	(28)	(26)	(49)
<b>Total Loans and receivables – banks.....</b>	<b>46,398</b>	<b>61,319</b>	<b>41,117</b>
<b>Loans and receivables – customers</b>			
Government and official institutions.....	1,329	1,432	3,259
Residential mortgages.....	153,875	155,168	159,494
Fair value adjustment from hedge accounting on residential mortgages .....	4,906	3,863	2,344
Consumer loans .....	16,568	16,275	14,210
Commercial loans.....	85,260	82,525	82,346
Fair value adjustment from hedge accounting on commercial loans .....	1,135	962	536
Professional securities transactions.....	14,495	16,449	14,339
Financial lease receivables .....	3,045	213	162
Factoring .....	1,182	641	1,540
<b>Total Loans and receivables – customers gross.....</b>	<b>281,795</b>	<b>277,528</b>	<b>278,230</b>
Loan Impairment Allowance .....	(5,512)	(5,520)	(4,286)
<b>Total Loans and receivables – customers net .....</b>	<b>276,283</b>	<b>272,008</b>	<b>273,944</b>

### ***Loans and receivables – banks***

In 2012, loans and receivables – banks decreased by EUR 14.9 billion mainly due to lower volumes in professional securities transactions (EUR13.5 billion) and termination of a financing transaction offset by an increase in term deposits at central banks. Collateral requirements decreased marginally for the derivative activities.

In the year ended 31 December 2011, Loans and receivables – banks increased by EUR 20.2 billion, due mainly to a steady increase in client flows in securities financing activities, higher collateral requirements for the derivatives activities and the expansion of the liquidity buffer.

Mandatory reserve deposits with central banks are not available for use in the bank's day-to-day operations.

### ***Loans and receivables – customers***

In 2012, Loans and receivables – customers increased by EUR 4.3 billion. Commercial loans increased by EUR 2.7 billion. Excluding reclassification impacts for financial leases and factoring and nettings the commercial loan portfolio grew by EUR 7.8 billion, predominantly due to growth of Merchant Banking (especially Clearing) and, to a lesser extent, in Private Banking.

This was offset by lower securities transactions (EUR 2 billion). The mortgage portfolio decreased slightly to EUR 153.9 billion as new production did not fully compensate redemptions.

In the year ended 31 December 2011, loans and receivables – customers decreased by EUR 1.9 billion. Although the volume of client-driven securities financing increased and the loan portfolios of Commercial Banking and ECT grew, this was more than offset by the divestment of the international division of Fortis Commercial Finance and a reduction in current accounts following refinement of accounting harmonization of netting principles.

The bulk of the loan book is generated in the Netherlands, reflecting the fact that the majority of ABN AMRO's business mix is located in the Netherlands.

### **Outstanding loans by industry sector**

Please see "*The Issuer—Risk Management—Credit risk concentration*".

### **Outstanding sovereign and sovereign-guaranteed exposures**

Please see "*The Issuer—Risk Management—Country risk*".

## **5.3 Credit quality of retail loans and other financial assets**

Please see "*The Issuer—Risk Management—Credit risk—Credit risk measurement and ratings*".

## **5.4 Past due credit exposure**

Please see "*The Issuer—Risk Management—Credit Risk—Past due credit exposure*".

## **5.5 Loan Impairment Charges and Allowances**

Compared to 2011, the total impairment charges have decreased by EUR 525 million. In 2011, impairment allowances were strongly impacted by an impairment charge of EUR 880 million for the Greek government-guaranteed corporate exposure. Excluding this impairment, the increase is mainly attributed to higher impairments in Commercial & Merchant Banking – predominantly in the industry sectors real estate, construction and basic resources (in particular diamond financing). Loan impairments in Private Banking increased sharply, this is partly real estate related and partly due to impairments in the basic resources industry. In addition, impairments in 2012 were affected by incidental major changes including a major charge in the public sector. On the other hand some major releases were noted. A single major release was noted in Greek government-guaranteed corporate exposure, for which an impairment was charged in 2011.

The tables below sets out loan impairments and allowances for the year ended 31 December 2012:

	<u>Banks</u>	<u>Commercial loans<sup>(2)</sup></u>	<u>Consumer loans<sup>(1)</sup></u>	<u>Total</u>
	<i>(in millions of euros)</i>			
Balance as at 1 January 2012.....	26	4,895	625	5,546
Impairment charges for the period.....	7	1,055	663	1,725

Reversal of impairment allowances no longer required .....	(5)	(406)	(23)	(434)
Recoveries of amounts previously written off .....	-	(16)	(45)	(61)
<b>Total loan impairments .....</b>	<b>2</b>	<b>633</b>	<b>595</b>	<b>1,230</b>
Amount recorded in interest income from				
unwinding of discounting .....	-	(35)	(11)	(46)
Currency translation differences .....	-	(2)	-	(2)
Amounts written off (net) .....	-	(775)	(514)	(1,289)
Reserve for unearned interest accrued on impaired loans .....	-	50	45	95
Other adjustments .....	-	(69)	75	6
<b>Balance as at 31 December 2012 .....</b>	<b>28</b>	<b>4,697</b>	<b>815</b>	<b>5,540</b>

(1) In consumer loans total loan impairments for residential mortgages amounted to EUR 252 million (2011: EUR 157 million).

(2) In commercial loans a release for the Greek government-guaranteed corporate exposure of EUR 125 million was included.

More information on impairments is provided in the section “—Risk Management”.

The tables below sets out loan impairments and allowances for the year ended 31 December 2011:

	<b>Banks</b>	<b>Commercial loans<sup>(2)</sup></b>	<b>Consumer loans<sup>(1)</sup></b>	<b>Total</b>
		<i>(in millions of euros)</i>		
<b>Balance as at 1 January 2011 .....</b>	<b>49</b>	<b>3,673</b>	<b>613</b>	<b>4,335</b>
New impairment allowances .....	4	1,713	393	2,110
Reversal of impairment allowances no longer required .....	(11)	(234)	(56)	(301)
Recoveries of amounts previously written off .....	-	(7)	(47)	(54)
<b>Total loan impairments .....</b>	<b>(7)</b>	<b>1,472</b>	<b>290<sup>(1)</sup></b>	<b>1,755</b>
Amount recorded in interest income from				
unwinding of discounting .....	-	(5)	(6)	(11)
Currency translation differences .....	(3)	13	-	10
Amounts written off (net) .....	(5)	(404)	(295)	(704)
Effect of (de)consolidating entities				
Reserve for unearned interest accrued on impaired loans .....	-	83	16	99
Other adjustments .....	(8)	63	7	62
<b>Balance as at 31 December 2011 .....</b>	<b>26</b>	<b>4,895</b>	<b>625</b>	<b>5,546</b>

(1) In consumer loans total loan impairments for residential mortgages amounted to EUR 252 million (2011: EUR 157 million).

(2) In commercial loans an impairment change for the Greek government-guaranteed corporate exposure of EUR 880 million was included.

In 2011, ABN AMRO held EUR 1.3 billion of Greek Government-Guaranteed Corporate Exposures. The exposures were allocated to ABN AMRO during the separation process in 2010 and were the result of transactions entered into around 2000. The exposures were recorded in Loans and receivables at amortized cost. As these exposures were not quoted in an active market, fair values were determined by applying a present value approach. Future cash flows were discounted using a risk-adjusted interest rate which is based on market observable information for similar debt exposures. The fair values reduced significantly to 21% of the notional amounts at 31 December 2011 (31 December 2010: 81%).

On 24 February 2012 the Ministry of Finance of Greece issued a press release regarding the revised Private Sector Involvement ("PSI") programme. The majority of the exposures held by ABN AMRO appeared on this list. ABN AMRO's exposures fall into the category "Foreign Law Guaranteed Titles" as these were issued by Greek corporates with a guarantee provided by the Greek government and are governed by UK law. ABN AMRO is examining the current PSI programme.

In 2012, all obligations had been met. Redemptions of a total amount of EUR 190 million were made in 2011, reducing the total gross exposure to EUR 1.3 billion. ABN AMRO impaired those exposures included in the list to 25% of notional value. This resulted in an additional impairment of EUR 380 million in the fourth quarter, bringing the total amount of impairments in 2011 to EUR 880 million.

Excluding the Greek loan impairments, the increase would have been caused by higher impairments in Commercial & Merchant Banking – predominantly registered in SMEs, commercial real estate and contracting. Loan impairments in Private Banking decreased sharply. The impairment levels in mortgages increased marginally.

Commercial loans included the loan impairment on the Madoff affair of EUR 877 million (2010: EUR 958 million).

More information on impairments is provided in the section — *Risk Management*.

The table below sets out loan impairments and allowances for the year ended 31 December 2010:

	<u>Banks</u>	<u>Commercial loans</u>	<u>Consumer loans</u>	<u>Total</u>
	<i>(in millions of euros)</i>			
<b>Balance as at 1 January 2010.....</b>	<b>60</b>	<b>3,479</b>	<b>642</b>	<b>4,181</b>
New impairment allowances.....	7	965	386	1,358
Reversal of impairment allowances no longer required.....	(16)	(379)	(85)	(480)
Recoveries of amounts previously written off .....	-	(3)	(41)	(44)
<b>Total loan impairments .....</b>	<b>(9)</b>	<b>583</b>	<b>260</b>	<b>834</b>
Amount recorded in interest income from				
unwinding of discounting.....	-	(23)	(9)	(32)
Currency translation differences .....	5	28	2	35
Amounts written off (net) .....	(8)	(247)	(237)	(492)
Effect of (de)consolidating entities	-	(295)	(41)	(336)
Reserve for unearned interest accrued on impaired loans .....	-	26	2	28
Other adjustments .....	1	122	(6)	117
<b>Balance as at 31 December 2010.....</b>	<b>49</b>	<b>3,673</b>	<b>613</b>	<b>4,335</b>

## Impairment

The table below sets out the on and off balance impairment charges for the year ended 31 December 2012, 2011 and 2010:

	As at 31 December		
	2012	2011	2010
	<i>(in millions of euros)</i>		
On balance.....	1,230	1,755	834
Off balance .....	(2)	2	3
<b>Total loan impairments .....</b>	<b>1,228</b>	<b>1,757</b>	<b>837</b>

The table below sets out the breakdown of allowances in individual and collective impairment allowances for the year ended 31 December 2012:

	<u>Banks</u>	<u>Commercial</u>	<u>Consumer</u>			<u>Total</u>
			<u>Mortgages</u>	<u>Personal loans</u>	<u>Other Consumer</u>	
			<i>(in millions of euros)</i>			
Individual impairment .....	24	4,055	56	-	191	4,326
Collective impairment .....	4	642	314	-	254	1,214
<b>Balance as at 31 December.....</b>	<b>28</b>	<b>4,697</b>	<b>370</b>	<b>-</b>	<b>445</b>	<b>5,540</b>
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance .....	24	6,406	1,504	-	675	8,609

The table below sets out the breakdown of allowances in individual and collective impairment allowances for the year ended 31 December 2011:

	<u>Banks</u>	<u>Commercial</u>	<u>Consumer</u>			<u>Total</u>
			<u>Mortgages</u>	<u>Personal loans</u>	<u>Other Consumer</u>	
			<i>(in millions of euros)</i>			
Individual impairment .....	24	4,375	44	-	88	4,531
Collective impairment .....	<u>2</u>	<u>520</u>	<u>236</u>	<u>-</u>	<u>257</u>	<u>1,015</u>
<b>Balance as at 31 December.....</b>	<b>26</b>	<b>4,895</b>	<b>280</b>	<b>-</b>	<b>345</b>	<b>5,546</b>
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance .....						
	24	6,636	1,392	-	514	8,566

The table below sets out the breakdown of allowances in individual and collective impairment allowances for the year ended 31 December 2010:

	<u>Banks</u>	<u>Commercial</u>	<u>Consumer</u>			<u>Total</u>
			<u>Mortgages</u>	<u>Personal loans</u>	<u>Other Consumer</u>	
			<i>(in millions of euros)</i>			
Individual impairment .....	49	3,237	109	1	143	3,539
Collective impairment .....	-	436	153	-	207	796
<b>Balance as at 31 December.....</b>	<b>49</b>	<b>3,673</b>	<b>262</b>	<b>1</b>	<b>350</b>	<b>4,335</b>

	<u>Banks</u>	<u>Commercial</u>	<u>Consumer</u>		<u>Other</u>	<u>Total</u>
			<u>Mortgages</u>	<u>Personal loans</u>	<u>Consumer</u>	
			<i>(in millions of euros)</i>			
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance .....	49	4,685	1,199	1	577	6,511

## 5.6 Due to Banks and Customers

### Due to banks

The table below shows amounts due to banking institutions, including central banks and multilateral development banks as at 31 December 2012, 2011 and 2010:

	<u>At 31 December</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
	<i>(in millions of euros)</i>		
<b>Deposits from banks:</b>			
Demand deposits .....	2,755	3,343	2,711
Time deposits .....	9,436	9,796	6,743
Other deposits .....	4,663	3,209	3,199
<b>Total deposits .....</b>	<b>16,854</b>	<b>16,348</b>	<b>12,653</b>
Repurchase agreements .....	3,096	6,222	3,473
Securities lending transactions .....	1,264	6,407	3,439
Advances against collateral .....	-	700	700
Other .....	49	1,285	1,271
<b>Total due to banks .....</b>	<b>21,263</b>	<b>30,962</b>	<b>21,536</b>

In 2012, due to banks decreased by EUR 9.7 billion primarily due to a decrease in securities lending transactions and a decrease in advances against collateral and other which reflected the termination of specific financing deals. Securities financing decreased due to lower securities lending volumes and repurchase agreements partly offset by an increase in total deposits, specifically in Merchant Banking.

In 2011, due to banks increased by EUR 9.4 billion as a result of an increase in time deposits caused by a shift of deposits due to clients to deposits due to banks related to the sale of Swiss Private Banking activities. The increase in securities lending transactions is the result of higher securities financing deposits.

### Due to customers

The table below shows amounts due to customers as at 31 December 2012, 2011 and 2010.

	At 31 December		
	2012	2011	2010
		(in millions of euros)	
Demand deposits .....	73,511	72,428	80,669
Saving deposits .....	81,142	74,481	69,763
Time deposits .....	25,996	23,676	26,473
Other deposits .....	19,892	17,212	13,593
<b>Total deposits .....</b>	<b>200,541</b>	<b>187,797</b>	<b>190,498</b>
Repurchase agreements .....	12,148	20,885	16,471
Securities lending transactions .....	2,994	4,509	1,968
Other borrowings .....	338	425	529
<b>Total due to customers .....</b>	<b>215,683</b>	<b>213,616</b>	<b>209,466</b>

In 2012, due to customers increased by EUR 2.1 billion. The increase in total client deposits (EUR 12.7 billion), predominantly in Retail Banking (EUR 9.9 billion) as well as Private Banking (EUR 4.6 billion), was almost fully neutralised by the decrease in professional securities transactions (EUR 10.3 billion).

In 2011, due to customers increased by EUR 4.2 billion as a result of growth in Retail and Private Banking deposits which were offset by the sale of Prime Fund Solutions (PFS) and the Swiss Private Banking activities and a reduction in current accounts. In addition, a rise in securities financing deposits as a result of increased client flows was partly neutralized by a harmonization of netting principles.

## 5.7 Maturity Analysis of Assets and Liabilities

The following table shows an analysis of assets and liabilities analysed according to when they are to be recovered or settled as at 31 December 2012, 2011 and 2010. It should be noted that this presentation is not consistent with how ABN AMRO views liquidity, because the table does not take expected client behaviour and other factors into account.

	At 31 December 2012			
	Less than twelve months	More than twelve months	No maturity	Total
	(in millions of euros)			
<b>Assets</b>				
Cash and balances at central banks .....	9,796	-	-	9,796
Financial assets held for trading .....	22,804	-	-	22,804
Financial investments .....	364	20,704	339	21,407
Loans and receivables – banks .....	46,319	79	-	46,398
Loans and receivables – customers .....	46,720	229,563	-	276,283
Other assets .....	3,564	8,324	5,828	17,716
<b>Total assets .....</b>	<b>129,567</b>	<b>258,670</b>	<b>6,167</b>	<b>394,404</b>
<b>Liabilities</b>				
Financial liabilities held for trading .....	18,782	-	-	18,782
Due to banks .....	20,838	425	-	21,263
Due to customers .....	207,831	8,190	-	216,021
Issued debt .....	29,915	64,128	-	94,043
Subordinated liabilities .....	-	9,566	-	9,566
Other liabilities .....	3,871	14,698	2,123	20,692
<b>Total liabilities .....</b>	<b>281,237</b>	<b>97,007</b>	<b>2,123</b>	<b>380,367</b>
<b>Total equity .....</b>	<b>-</b>	<b>-</b>	<b>14,037</b>	<b>14,037</b>
<b>Total liabilities and equity .....</b>	<b>281,237</b>	<b>97,007</b>	<b>16,160</b>	<b>394,404</b>

At 31 December 2011				
	Less than twelve months	More than twelve months	No maturity	Total
	<i>(in millions of euros)</i>			
<b>Assets</b>				
Cash and balances at central banks .....	7,641	-	-	7,641
Financial assets held for trading .....	29,523	-	-	29,523
Financial investments .....	1,668	16,697	356	18,721
Loans and receivables – banks.....	60,940	379	-	61,319
Loans and receivables – customers.....	34,012	237,996	-	272,008
Other assets .....	2,505	6,669	6,296	15,470
<b>Total assets</b> .....	<b>136,289</b>	<b>261,741</b>	<b>6,652</b>	<b>404,682</b>
<b>Liabilities</b>				
Financial liabilities held for trading .....	22,779	-	-	22,779
Due to banks.....	30,050	912	-	30,962
Due to customers .....	208,254	5,362	-	213,616
Issued debt.....	31,295	65,015	-	96,310
Subordinated liabilities .....	5	6,692	2,000	8,697
Other liabilities .....	5,186	13,370	2,342	20,898
<b>Total liabilities</b> .....	<b>297,569</b>	<b>91,351</b>	<b>4,342</b>	<b>393,262</b>
<b>Total equity</b> .....	-	-	11,420	11,420
<b>Total liabilities and equity</b> .....	<b>297,569</b>	<b>91,351</b>	<b>15,762</b>	<b>404,682</b>

At 31 December 2010				
	Less than twelve months	More than twelve months	No maturity	Total
	<i>(in millions of euros)</i>			
<b>Assets</b>				
Cash and balances at central banks .....	906	-	-	906
Financial assets held for trading .....	24,300	-	-	24,300
Financial investments .....	3,607	16,469	121	20,197
Loans and receivables – banks.....	40,695	311	111	41,117
Loans and receivables – customers.....	46,098	223,963	3,883	273,944
Other assets .....	4,226	4,387	8,205	16,818
<b>Total assets</b> .....	<b>119,832</b>	<b>245,130</b>	<b>12,320</b>	<b>377,282</b>
<b>Liabilities</b>				
Financial liabilities held for trading .....	19,982	-	-	19,982
Due to banks.....	21,125	411	-	21,536
Due to customers .....	204,084	5,382	-	209,466
Issued debt.....	23,939	62,652	-	86,591
Subordinated liabilities .....	-	6,085	2,000	8,085
Other liabilities .....	8,712	7,128	3,670	19,510
<b>Total liabilities</b> .....	<b>277,842</b>	<b>81,658</b>	<b>5,670</b>	<b>365,170</b>
<b>Total equity</b> .....	-	-	12,112	12,112
<b>Total liabilities and equity</b> .....	<b>277,842</b>	<b>81,658</b>	<b>17,782</b>	<b>377,282</b>

For more information on liquidity, see "*The Issuer—Liquidity and Funding*".

The next table provides a maturity analysis of the earliest contractual undiscounted cash flows for assets and liabilities. Financial assets and liabilities held for trading are recorded within on demand at fair value. ABN AMRO believes this best represents the short-term nature and the cash flows of these activities. The contractual maturity of the instruments may however extend over significantly longer periods.



Maturity based on contractual undiscounted cash flows for the year ending 31 December 2012:

At 31 December 2012									
	On demand	Trading derivatives	Up to one month	Between one and three months	Between three and twelve months	Between one and five years	More than five years	No maturity	Total
	<i>(in millions of euros)</i>								
<b>Assets</b>									
Cash and balances at central banks .....	9,750	-	46	-	-	-	-	-	9,796
Financial assets held for trading .....	7,078	15,726	-	-	-	-	-	-	22,804
Financial investments .....	-	-	96	67	501	11,651	10,915	339	23,569
Loans and receivables – banks .....	7,761	-	32,063	4,298	2,246	82	-	-	46,450
Loans and receivables – customers .....	3,463	-	26,918	7,728	17,061	71,016	230,155	-	356,341
Other assets .....	-	-	89	2,444	1,734	6,559	2,735	5,828	19,275
<b>Total undiscounted assets .....</b>	<b>28,052</b>	<b>15,726</b>	<b>59,212</b>	<b>14,537</b>	<b>21,542</b>	<b>89,308</b>	<b>243,805</b>	<b>6,167</b>	<b>478,349</b>
Of which:									
Gross settled derivatives not held for trading .....	-	-	-	-	-	-	-	-	-
Contractual amounts receivable .....	-	-	12	76	85	629	292	-	1,094
Contractual amounts payable .....	-	-	24	6	31	228	38	-	327
<b>Total undiscounted gross settled derivatives not held for trading .....</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>70</b>	<b>54</b>	<b>401</b>	<b>254</b>	<b>-</b>	<b>767</b>
Net settled derivatives not held for trading .....	-	-	84	117	443	2,226	1,258	-	4,129
<b>Liabilities</b>									
Financial liabilities held for trading .....	3,714	15,068	-	-	-	-	-	-	18,782
Due to banks .....	3,737	-	10,165	5,368	1,629	435	12	-	21,346
Due to customers .....	79,231	-	115,740	7,391	5,736	4,292	4,633	-	217,023
Issued debt .....	-	-	5,713	14,951	10,556	30,045	42,061	-	103,326
Subordinated liabilities .....	-	-	11	45	181	6,146	4,809	-	11,192
Other liabilities .....	-	-	578	2,850	2,078	9,752	9,390	2,123	26,771
<b>Total undiscounted liabilities .....</b>	<b>86,682</b>	<b>15,068</b>	<b>132,207</b>	<b>30,605</b>	<b>20,180</b>	<b>50,670</b>	<b>60,905</b>	<b>2,123</b>	<b>398,440</b>
Of which:									
Gross settled derivatives not held for trading .....	-	-	-	-	-	-	-	-	-
Contractual amounts receivable .....	-	-	1	2	48	197	29	-	277
Contractual amounts payable .....	-	-	9	2	31	154	19	-	215
<b>Total undiscounted gross settled derivatives not held for trading .....</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>(17)</b>	<b>(43)</b>	<b>(10)</b>	<b>-</b>	<b>(62)</b>
Net settled derivatives not held for trading .....	-	-	375	178	1,189	6,618	7,376	-	15,736
<b>Net liquidity gap .....</b>	<b>(58,630)</b>	<b>658</b>	<b>(72,995)</b>	<b>(16,068)</b>	<b>1,362</b>	<b>38,638</b>	<b>182,900</b>	<b>4,044</b>	<b>79,909</b>
Off balance liabilities									
Committed credit facilities .....	17,635	-	-	-	-	-	-	-	17,635
Guarantees .....	3,817	-	-	-	-	-	-	-	3,817
Irrevocable facilities .....	5,474	-	-	-	-	-	-	-	5,474
Recourse risks arising from discounted bills .....	7,486	-	-	-	-	-	-	-	7,486
<b>Total off-balance liabilities .....</b>	<b>34,412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,412</b>

Maturity based on contractual undiscounted cash flows for the year ending 31 December 2011:

	At 31 December 2011								
	On demand	Trading derivatives	Up to one month	Between one and three months	Between three and twelve months	Between one and five years	More than five years	No maturity	Total
	(in millions of euros)								
<b>Assets</b>									
Cash and balances at central banks .....	1,141	-	6,505	-	-	-	-	-	7,646
Financial assets held for trading .....	15,281	14,242	-	-	-	-	-	-	29,523
Financial investments .....	-	-	1,278	150	448	7,546	11,137	356	20,915
Loans and receivables – banks .....	-	-	56,994	3,541	436	272	122	-	61,365
Loans and receivables – customers .....	-	-	19,688	8,465	12,835	51,042	272,278	-	364,308
Other assets .....	68	-	216	2,221	589	5,396	2,939	6,296	17,725
<b>Total undiscounted assets .....</b>	<b>16,490</b>	<b>14,242</b>	<b>84,681</b>	<b>14,377</b>	<b>14,308</b>	<b>64,256</b>	<b>286,476</b>	<b>6,652</b>	<b>501,482</b>
Of which:									
Gross settled derivatives not held for trading .....	-	-	-	-	-	-	-	-	-
Contractual amounts receivable .....	-	-	3	5	62	258	205	-	533
Contractual amounts payable .....	-	-	6	10	45	204	99	-	364
<b>Total undiscounted gross settled derivatives not held for trading .....</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>(5)</b>	<b>17</b>	<b>54</b>	<b>106</b>	<b>-</b>	<b>169</b>
Net settled derivatives not held for trading .....	-	-	82	44	259	1,453	935	-	2,773
<b>Liabilities</b>									
Financial liabilities held for trading .....	9,313	13,466	-	-	-	-	-	-	22,779
Due to banks .....	9,667	-	16,705	3,062	675	484	576	-	31,169
Due to customers .....	83,409	-	117,974	4,372	2,664	3,630	2,122	-	214,171
Issued debt .....	-	-	14,708	10,381	7,279	49,629	21,447	-	103,444
Subordinated liabilities .....	-	-	9	37	380	3,352	6,409	-	10,187
Other liabilities .....	-	-	1,740	2,808	2,299	10,984	10,997	2,343	31,171
<b>Total undiscounted liabilities .....</b>	<b>102,389</b>	<b>13,466</b>	<b>151,136</b>	<b>20,660</b>	<b>13,297</b>	<b>68,079</b>	<b>41,551</b>	<b>2,343</b>	<b>412,921</b>
Of which:									
Gross settled derivatives not held for trading .....	-	-	-	-	-	-	-	-	-
Contractual amounts receivable .....	-	-	-	-	4	10	2	-	16
Contractual amounts payable .....	-	-	1	-	7	22	2	-	32
<b>Total undiscounted gross settled derivatives not held for trading .....</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>3</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>16</b>
Net settled derivatives not held for trading .....	-	-	176	173	1,061	5,026	10,369	-	16,805
<b>Net liquidity gap .....</b>	<b>(85,899)</b>	<b>776</b>	<b>(66,455)</b>	<b>(6,283)</b>	<b>1,011</b>	<b>(3,823)</b>	<b>244,925</b>	<b>4,309</b>	<b>88,561</b>
Off balance liabilities .....									
Committed credit facilities .....	14,484	-	-	-	-	-	-	-	14,484
Guarantees .....	7,292	-	-	-	-	-	-	-	7,292
Irrevocable facilities .....	4,644	-	-	-	-	-	-	-	4,644
Recourse risks arising from discounted bills .....	6,120	-	-	-	-	-	-	-	6,120
<b>Total off-balance liabilities .....</b>	<b>32,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,540</b>

Maturity based on contractual undiscounted cash flows for the year ending 31 December 2010:

At 31 December 2010									
	On demand	Trading derivatives	Up to one month	Between one and three months	Between three and twelve months	Between one and five years	More than five years	No maturity	Total
	<i>(in millions of euros)</i>								
<b>Assets</b>									
Cash and balances at central banks .....	906	-	-	-	-	-	-	-	906
Financial assets held for trading .....	16,089	8,211	-	-	-	-	-	-	24,300
Financial investments .....	325	-	424	2,192	1,535	10,633	13,367	121	28,597
Loans and receivables – banks .....	8,334	-	28,925	2,241	1,216	199	126	111	41,152
Loans and receivables – customers .....	11,173	-	19,965	9,469	13,520	55,475	273,067	3,883	386,552
Other assets .....	84	-	522	823	3,876	5,904	3,196	8,713	23,118
<b>Total undiscounted assets .....</b>	<b>36,911</b>	<b>8,211</b>	<b>49,836</b>	<b>14,725</b>	<b>20,147</b>	<b>72,211</b>	<b>289,756</b>	<b>12,828</b>	<b>504,625</b>
Of which:									
Gross settled derivatives not held for trading .....	-	-	-	-	-	-	-	-	-
Contractual amounts receivable .....	-	-	-	-	45	458	156	-	659
Contractual amounts payable .....	-	-	-	-	-	2	1	-	3
<b>Total undiscounted gross settled derivatives not held for trading .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>456</b>	<b>155</b>	<b>-</b>	<b>656</b>
Net settled derivatives not held for trading .....	-	-	178	132	723	3,990	1,527	-	6,550
<b>Liabilities</b>									
Financial liabilities held for trading .....	11,374	8,608	-	-	-	-	-	-	19,982
Due to banks .....	5,236	-	10,219	3,822	1,902	182	292	-	21,653
Due to customers .....	90,666	-	102,498	7,129	4,014	3,312	4,796	-	212,415
Issued debt .....	18	-	7,367	8,193	10,243	55,536	16,280	-	97,637
Subordinated liabilities .....	-	-	10	36	145	3,224	7,481	-	10,896
Other liabilities .....	2,090	-	717	1,292	6,618	9,486	6,434	4,176	30,813
<b>Total undiscounted liabilities .....</b>	<b>109,384</b>	<b>8,608</b>	<b>120,811</b>	<b>20,472</b>	<b>22,922</b>	<b>71,740</b>	<b>35,283</b>	<b>4,176</b>	<b>393,396</b>
Of which:									
Gross settled derivatives not held for trading .....	-	-	-	-	-	-	-	-	-
Contractual amounts receivable .....	-	-	-	-	1	10	8	-	19
Contractual amounts payable .....	-	-	-	4	15	66	33	-	118
<b>Total undiscounted gross settled derivatives not held for trading .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>14</b>	<b>56</b>	<b>25</b>	<b>-</b>	<b>99</b>
<b>Net settled derivatives not held for trading .....</b>	<b>-</b>	<b>-</b>	<b>155</b>	<b>253</b>	<b>1,523</b>	<b>8,018</b>	<b>5,142</b>	<b>-</b>	<b>15,091</b>
<b>Net maturity gap .....</b>	<b>(72,473)</b>	<b>(397)</b>	<b>(70,975)</b>	<b>(5,747)</b>	<b>(2,775)</b>	<b>471</b>	<b>254,473</b>	<b>8,652</b>	<b>111,229</b>
Off balance liabilities									
Committed credit facilities .....	14,553	-	-	-	-	-	-	-	14,553
Guarantees .....	15,852	-	-	-	-	-	-	-	15,852
Irrevocable facilities .....	2,262	-	-	-	-	-	-	-	2,262
Recourse risks arising from discounted bills .....	5,079	-	-	-	-	-	-	-	5,079
<b>Total off-balance liabilities .....</b>	<b>37,746</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,746</b>

## BOOK ENTRY, DELIVERY, FORM AND SETTLEMENT

### Form of the Notes and registration

#### *General*

The Notes may be offered (i) within the United States to QIBs in reliance on the exemption provided by Section 4(a)(2) of the Securities Act or Rule 144A only, (ii) outside the United States to non-US Persons in offshore transactions in reliance on Regulation S only or (iii) simultaneously within the United States to QIBs in reliance on the exemption provided by Section 4(a)(2) of the Securities Act or Rule 144A and outside the United States to non-US Persons in offshore transactions in reliance on Regulation S as part of a global offering. Upon issue, Notes will be represented initially by one or more global certificates in fully registered form (each, a “**Global Certificate**”) without receipts, interest coupons or talons.

If the Notes are stated in the relevant Final Terms to be held under the NSS, they are intended to be eligible collateral for Eurosystem monetary policy and the Euro Regulations Global Certificates representing such Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Euro Regulations Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Notes sold pursuant to an offering made in the United States only will be represented by one or more Global Certificates deposited with the US Registrar (in such capacity, the “**Custodian**”) as custodian for, and registered in the name of a nominee of, DTC as depositary (each Global Certificate so deposited and registered is referred to herein as a “**Rule 144A Global Certificate**”).

Notes sold pursuant to an offering made outside the United States only will be represented by one or more Global Certificates registered by the European Registrar (which initially is The Bank of New York Mellon (Luxembourg) S.A.) in a register (the “**European Register**”) in the name of, or the name of a nominee of, and deposited with (i) in the case of Notes held under the NSS, the Common Safekeeper, and (ii) in the case of Notes not held under NSS, the European Registrar (in such capacity, the “**Depositary**”) as common depositary for, Euroclear and/or Clearstream, Luxembourg (each Global Certificate so deposited and registered is referred to herein as a “**Euro Regulation S Global Certificate**”). The European Registrar will cause the European Register to be kept initially at its offices in Luxembourg, in which, subject to such reasonable regulations it may prescribe, the European Registrar will provide for the registration of Euro Regulation S Global Certificates, any Definitive Notes related thereto and any transfers thereof. The Issuer reserves the right to transfer such registration function to another bank or financial institution at any time.

Notes sold pursuant to an offering made in and outside the United States simultaneously as part of a global offering may be represented either (i) solely by one or more Rule 144A Global Certificates registered in respect of Notes sold in the United States and one or more Global Certificates deposited with the US Registrar as custodian for, and registered in the name of a nominee of, DTC, registered in respect of Notes sold outside the United States (each Global Certificate so deposited and registered is referred to herein as a “**DTC Regulation S Global**”).

**Certificate**"; and each DTC Regulation S Global Certificate together with any Euro Regulation S Global Certificate, each a "**Regulation S Global Certificate**"; and each DTC Regulation S Global Certificate together with any Rule 144A Global Certificate, each a "**DTC Global Certificate**"), such arrangement referred to herein as a "**Single Global Note Issue**" or, alternatively (ii) by one or more Rule 144A Global Certificates so deposited and registered in respect of Notes sold in the United States, and a separate Euro Regulation S Global Certificate registered in the name of, or the name of a nominee of, and deposited with (i) in the case of Notes held under the NSS, the Common Safekeeper, and (ii) in the case of Notes not held under NSS, a common depositary for, Euroclear or Clearstream, Luxembourg, as the case may be, in respect of Notes sold outside the United States, such arrangement referred to herein as a "**Dual Global Note Issue**".

Notes sold to QIBs in reliance on Rule 144A (including beneficial interests in the Rule 144A Global Certificates) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "**Notice to Purchasers**".

Except as described below, owners of beneficial interests in a Global Certificate (each, a "**Beneficial Owner**") will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in individual certificated registered form (each, a "**Definitive Note**") and will not be considered the owners or holders thereof under the relevant Agency Agreement. Beneficial interests in a Global Certificate will be represented, and transfers thereof will be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Owners, as a direct or indirect participant in the relevant clearing system.

Investors in a global offering may elect to hold beneficial interests in a Global Certificate (a) through DTC (in the United States) if such investors are US persons who are also QIBs, or (b) through Euroclear or Clearstream, Luxembourg (in Europe) if such investors are not US Persons (as defined in Regulation S), if they are participants in such systems, or indirectly through organizations that are participants in such systems. If the Notes sold pursuant to a global offering are part of a Single Global Note Issue, Clearstream, Luxembourg and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and/or Euroclear's names on the books of their respective US depositories, which, in turn, hold such positions in customers' securities accounts in the US depositories' names on the books of DTC. Citibank, N.A. acts as the US depository for Clearstream, Luxembourg and JP Morgan Chase, New York acts as the US depository for Euroclear (each, a "**US Depositary**" and, collectively, the "**US Depositaries**").

The Bank of New York Mellon, New York will serve initially as the US Registrar for the Notes. In such capacity, the US Registrar will cause to be kept at its offices in The City of New York, a register (the "**US Register**"; the US Register and the European Register are collectively referred to as the "**Registers**" and each a "**Register**") in which, subject to such reasonable regulations as it may prescribe, the US Registrar will provide for the registration of Notes and of transfers thereof. The Issuer reserves the right to transfer such registration function to another bank or financial institution at any time. Subject to applicable law and the terms of the relevant Agency Agreement and the Notes, the Issuer and the Paying Agents, the Registrars and the Transfer Agent (collectively, the "**Fiscal Agents**," and each individually, a "**Fiscal Agent**") will deem and treat the registered holder or holders of Notes in the relevant Register as the absolute owner or owners thereof for all purposes whatsoever notwithstanding any notice to the contrary; and all payments to, or to the order of, the registered holders will be valid and effectual to discharge the liability of

the Issuer and the Fiscal Agents on the Notes to the extent of the sum or sums so paid. So long as DTC, its nominee, Euroclear and/or Clearstream, Luxembourg, a nominee of Euroclear and/or Clearstream, Luxembourg or a successor to Euroclear and/or Clearstream, Luxembourg, DTC or any such nominee is the registered owner of a Global Certificate, DTC, Euroclear and/or Clearstream, Luxembourg, or any such nominee or successor, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Certificate for all purposes under the relevant Agency Agreement. Accordingly, any Beneficial Owner must rely on the procedures of DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, and, if such person is not a participant in any such clearing system, on the procedures of the participant therein through which such person owns its beneficial interest, to exercise any rights of a holder of Notes. The Issuer understands that, under existing industry practices, in the event that the Issuer requests any action of holders or that Beneficial Owners desire to give or take any action which a holder is entitled to give or take under the relevant Agency Agreement, DTC, its nominee or a successor to DTC or its nominee, as the holder of the DTC Global Certificate, would authorize the participants through which the relevant beneficial interests are held (or persons holding beneficial interests in the Notes through participants) to give or take such action, and such participants would authorize Beneficial Owners owning through such participants (or such persons holding beneficial interests in the Notes through participants) to give or take such action and would otherwise act upon the instructions given to such participants (or such persons) by such Beneficial Owners.

DTC may grant proxies or otherwise authorize its participants (or persons holding beneficial interests in the Notes through its participants) to exercise any rights of a holder or take any other actions which a holder is entitled to take under the relevant Agency Agreement or in respect of the Notes. Euroclear or Clearstream, Luxembourg, as the case may be, will take any action permitted to be taken by a holder under the relevant Agency Agreement or the Notes on behalf of a Euroclear participant or a Clearstream, Luxembourg participant only in accordance with its relevant rules and procedures and, with respect to beneficial interests in a DTC Global Certificate, subject to the common depositary's ability to effect such actions on its behalf through DTC. Because DTC can act only on behalf of its participants, who in turn act on behalf of indirect participants, the ability of a Beneficial Owner to pledge its beneficial interest in the Notes to persons or entities that do not participate in the DTC system or otherwise take action in respect of such beneficial interest, may be limited by the lack of a definitive certificate for such beneficial interest. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a DTC Global Certificate.

Principal of, and premium, if any, and interest on, the Notes are payable to the persons in whose names the Notes are registered on the Record Date (as defined in the applicable Terms and Conditions) preceding any Interest Payment Date or at Maturity, as the case may be. Ownership positions within each clearing system will be determined in accordance with the normal conventions observed by such system. The US Paying Agent and the European Paying Agent will act as the Issuer's paying agents for the Notes pursuant to the Relevant Agency Agreement. Principal and interest payments on a Global Certificate will be made to DTC, its nominee or a nominee of Euroclear and/or Clearstream, Luxembourg, as the case may be (or to any successor to DTC or any such nominee), as the registered holder of the Global Certificate representing such Notes. Neither the Issuer nor any agent of the Issuer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership

interests in a Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Upon receipt of any payment of principal of, or premium, if any, or interest on, a DTC Global Certificate, the Issuer expects that DTC will credit its participants' accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of such DTC Global Certificate as shown on the records of DTC. Payments by such participants to owners of beneficial interests in the DTC Global Certificate held through such participants will be the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in a "street name." Distributions with respect to Notes held through Euroclear and/or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants (as defined below) and/or Clearstream, Luxembourg participants (as defined below) in accordance with the relevant system's rules and procedures, to the extent received by the Depositary.

### **Exchange of Global Certificates for Definitive Notes**

Unless otherwise provided in the applicable Pricing Term Sheet and/or Final Terms, beneficial interests in a Global Certificate will be exchangeable for Definitive Notes, only if such exchange is permitted by applicable law and (i) in the case of a DTC Global Certificate, DTC notifies the Issuer that it is unwilling or unable to continue as depositary for the DTC Global Certificate or DTC ceases to be a clearing agency registered under the Exchange Act, if so required by applicable law or regulation, and, in either case, a successor depositary is not appointed by the Issuer within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, (ii) in the case of any other Global Certificate, if the clearing system(s) through which it is cleared and settled is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to cease business permanently or does in fact do so and a successor or successors is or are not appointed by the Issuer within 90 days from the commencement of such closure, announcement or cessation of business, (iii) the Issuer, in its discretion, elects to issue Definitive Notes for a specific issue of Notes; or (iv) upon an Event of Default as described in Condition 9. The Definitive Notes so issued in exchange for any such Global Certificate shall be of like tenor and of an equal aggregate principal amount, in authorized denominations and will bear the restrictive legend referred to in "*Notice to Purchasers*". Such Definitive Notes shall be registered in the relevant Register in the name or names of such person or persons as the relevant clearing system shall instruct the applicable Registrar. It is expected that such instructions may be based upon directions received by DTC from DTC participants with respect to ownership of beneficial interests in the DTC Global Certificate. Except as provided above, owners of beneficial interests in a Global Certificate will not be entitled to receive physical delivery of Definitive Notes and will not be considered the registered holders of such Notes for any purpose. Upon exchange into Definitive Notes, holders will become Registered Holders.

### **Exchange of Definitive Notes for Definitive Notes**

Any Definitive Note issued under the circumstances described in the preceding paragraph will be transferable in whole or in part in an authorized denomination upon the surrender of such Note, together with the form of transfer endorsed thereon duly completed and executed, at the specified office of the applicable Registrar or the specified office of the Transfer Agent or any other transfer agent maintained for that purpose. In the case of a transfer in part only of a Definitive Note, a new Definitive Note in respect of the balance not transferred will be issued to the

transferor. Each new Definitive Note to be issued upon transfer will, within three Business Days of receipt of such form of transfer, be delivered to the transferee at the office of the applicable Registrar, the Transfer Agent or such paying agent or mailed, at the risk of the holder entitled to the Definitive Note in respect of which the relevant Definitive Note is issued, to such address as may be specified in such form of transfer.

### **Exchange of Definitive Notes for Global Certificates**

Definitive Notes may not be transferred for beneficial interests in any Global Certificate unless the transferor first delivers to the Transfer Agent a written certificate to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See “*Notice to Purchasers*”.

### **Exchange between Regulation S Global Certificates and Rule 144A Global Certificates**

Interests in a Regulation S Global Certificate may be transferred to a person who wishes to hold an interest in a Rule 144A Global Certificate only upon receipt by the Registrars, the Transfer Agent and the Paying Agents of a written certification from the transferor (in the form set out in the relevant Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Interests in a Rule 144A Global Certificate may also be transferred to a person who wishes to hold an interest through a Regulation S Global Certificate, but only upon receipt by the Registrars, the Transfer Agent and the Paying Agents of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or with Rule 144A (if available) under the Securities Act.

Any interest in either a Rule 144A Global Certificate or a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of an interest in the other Global Certificate will, upon transfer, cease to be an interest in such Global Certificate and become an interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in such other Global Certificate.

### **Global clearance and settlement**

#### ***General***

Notes issued pursuant to the Program may be held through one or more international and domestic clearing systems, principally, the book-entry systems operated by DTC in the United States, and Euroclear and Clearstream, Luxembourg in Europe. Electronic securities and payment transfer, processing, depositary and custodial links have been established among these systems and others, either directly or through custodians and depositaries, which enable Notes to be issued, held and transferred among the clearing systems through these links. The relevant Agents (if any) have direct electronic links with DTC, Euroclear and Clearstream, Luxembourg. Special procedures have been established among these clearing systems and the relevant Agents (if any) to facilitate clearance and settlement of certain Notes traded across borders in the secondary market. Cross-market transfers of Notes in respect of which payments will be made in US Dollars



and which will be issued in global form may be cleared and settled using these procedures on a delivery against payment basis. Cross-market transfers of Notes in other than global form may be cleared and settled in accordance with other procedures established among any relevant Agent or Agents, as the case may be, and the clearing systems concerned for this purpose.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the procedures described below in order to facilitate transfers of Notes among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither the Issuer nor the Agents (if any) will have any responsibility for the performance by DTC, Euroclear and/or Clearstream, Luxembourg or their respective participants or indirect participants of the respective obligations under the rules and procedures governing their operations.

### *The clearing systems*

#### *DTC*

DTC has advised the Issuer that it is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of US and non-US equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both US and non-US securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

#### *Clearstream, Luxembourg*

Clearstream, Luxembourg holds securities for its participating organizations (“**Clearstream, Luxembourg participants**”) and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg participants through electronic book-entry changes in accounts of Clearstream, Luxembourg participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream, Luxembourg participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also interfaces with domestic securities markets in several countries. Clearstream,

Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier, and the Banque Centrale du Luxembourg which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg participants are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations, and may include the Agents (if any). Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with a Clearstream, Luxembourg participant. Clearstream, Luxembourg has established an electronic bridge with Euroclear as the operator of the Euroclear system (the “**Euroclear Operator**”) in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Distributions with respect to Notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream, Luxembourg participants in accordance with its rules and procedures, to the extent received by the depositary for Clearstream, Luxembourg.

#### *Euroclear*

Euroclear holds securities and book-entry interests in securities for participating organizations (“**Euroclear participants**”) and facilitates the clearance and settlement of securities transactions between Euroclear participants, and between Euroclear participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries. Euroclear provides Euroclear participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations, and may include the Agents (if any). Non-participants in Euroclear may hold and transfer beneficial interests in a Global Certificate through accounts with a participant in the Euroclear system or any other securities intermediary that holds a book-entry interest in a Global Certificate through one or more securities intermediaries standing between such other securities intermediary and Euroclear. Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the “**Euroclear Terms and Conditions**”). The Euroclear Terms and Conditions governs transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Euroclear Terms and Conditions only on behalf of Euroclear participants, and has no record or relationship with persons holding through Euroclear participants. Distributions with respect to Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by the depositary for Euroclear.

#### *Other clearing systems*

Any other clearing system which the Issuer, the Paying Agents and the relevant Agent(s) (if any) agree shall be available for a particular issuance of Notes, including the clearance and settlement procedures for such clearing system, will be described in the applicable Pricing Term Sheet and/or Final Terms.

## ***Primary distribution***

### ***General***

Distributions of the Notes will be cleared through one or more of the clearing systems described above or any other clearing system specified in the applicable Pricing Term Sheet and/or Final Terms. Payment for Notes will be made on a delivery-versus-payment or free delivery basis, in each case as more fully described in the applicable Pricing Term Sheet and/or Final Terms.

The Issuer and the relevant Agent(s) (if any) shall agree that either global clearance and settlement procedures or specific clearance and settlement procedures should be available for any Series of Notes, in each case as specified in the Pricing Term Sheet and/ Final Terms relating thereto. Clearance and settlement procedures may vary from one Series of Notes to another according to the Specified Currency of the Notes of such Series. Customary clearance and settlement procedures are described under the specific clearance and settlement procedures below. Application will be made to the relevant clearing system(s) for the Notes of the relevant Series to be accepted for clearance and settlement and the applicable clearance numbers will be specified in the applicable Pricing Term Sheet and/ Final Terms.

### ***Clearance and Settlement Procedures***

***DTC.*** DTC participants holding Notes through DTC on behalf of investors will follow the settlement practices applicable to US corporate debt obligations in DTC's Same-Day Funds Settlement System. Notes will be credited to the securities custody accounts of such DTC participants against payment in same-day funds on the settlement date.

***Euroclear and Clearstream, Luxembourg.*** Investors electing to hold their Notes through Euroclear and/or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional European bonds in registered form. Notes will be credited to the securities custody accounts of Euroclear and/or Clearstream, Luxembourg participants, as the case may be, on the business day following the settlement date against payment for value on the settlement date.

## ***Secondary market trading***

### ***Trading between DTC Participants***

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled using procedures applicable to US corporate debt obligations in DTC's Same-Day Funds Settlement System in same-day funds, if payment is made in US Dollars, or free of payment if payment is made in a currency other than US Dollars. In the latter case, separate payment arrangements outside of the DTC system are required to be made between DTC participants.

### ***Trading between Euroclear and/or Clearstream, Luxembourg Participants***

Secondary market trading between Euroclear and/or Clearstream, Luxembourg participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using procedures applicable to conventional Eurobonds in registered form.

## ***Trading between a DTC seller and a Euroclear or Clearstream, Luxembourg purchaser***

### ***Single Global Note Issues***

When Notes represented by a DTC Global Certificate are to be transferred from the account of a DTC participant (other than the US Depositories) to the account of a Euroclear participant or a Clearstream, Luxembourg participant, the purchaser must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. Euroclear or Clearstream, Luxembourg, as the case may be, will instruct its US Depository to receive the Notes against payment or free of payment, as the case may be. Its US Depository will then make payment to the DTC participant's account against delivery of the Notes. After settlement has been completed, the Notes will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the account of the relevant Euroclear or Clearstream, Luxembourg participant. Credit for the Notes will appear on the next day (Central European Time) and cash debit will be back-valued to, and the interest on the Notes will accrue from, the value date (which would be the preceding day, when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream, Luxembourg cash debit will be valued instead as of the actual settlement date.

Euroclear participants or Clearstream, Luxembourg participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the Notes are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg participants purchasing Notes would incur overdraft charges for one day, assuming they cleared the overdraft when the Notes were credited to their accounts. However, interest on the Notes would accrue from the value date. Therefore, in many cases, the investment income on Notes earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Because the settlement will take place during New York business hours, DTC participants can employ their usual procedures for delivering Notes to the applicable US Depository for the benefit of Euroclear participants and/or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participants, a cross-market transaction will settle no differently than a trade between two DTC participants.

### ***Dual Global Note issues***

When Notes are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream, Luxembourg participant, the DTC participant will deliver the Notes free of payment to the appropriate account of the Custodian at DTC by 11:00 A.M. (New York time) on the settlement date together with instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg participant. Separate payment arrangements are required to be made

between the relevant Euroclear or Clearstream, Luxembourg participant and the DTC participant. The applicable Registrar, as custodian, will (i) decrease the amount of Notes registered in the name of the nominee of DTC and represented by the DTC Global Certificate and (ii) increase the amount of Notes registered in the name of the nominee of Euroclear and Clearstream, Luxembourg and represented by the Global Certificate. The Depositary will deliver such Notes free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant participant in such clearing system on the business day following the settlement date.

***Trading between a Euroclear or Clearstream, Luxembourg seller and a DTC purchaser***

*Single Global Note issues*

Due to time zone differences in their favor, Euroclear participants or Clearstream, Luxembourg participants may employ their customary procedures for transactions in which Notes represented by a DTC Global Certificate are to be transferred by the respective clearing system through the applicable US Depositary to another DTC participant's account. The seller must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. In these cases, Euroclear or Clearstream, Luxembourg will instruct its respective US Depositary to credit the Notes to the DTC participant's account against payment. The payment will then be reflected in the account of the Euroclear participant or Clearstream, Luxembourg participant the following business day, and receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant's account will be back-valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear participant or Clearstream, Luxembourg participant has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over the one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant's account would instead be valued as of the actual settlement date.

As is the case with sales of Notes represented by a DTC Global Certificate by a DTC participant to a Euroclear or Clearstream, Luxembourg participant, participants in Euroclear or Clearstream, Luxembourg will have their accounts credited the day after their settlement date.

*Dual Global Note issues*

When Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg participant to the account of a DTC participant, the relevant Euroclear or Clearstream, Luxembourg participant must provide settlement instructions for delivery of the Notes free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, by 7:45 P.M. (Brussels or Luxembourg time, as the case may be) one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg will in turn provide appropriate settlement instructions to the Depositary for delivery to the DTC participant.

Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the Custodian will deliver the Notes free of payment to the appropriate DTC account of the DTC participant and will instruct the applicable Registrar to (i) decrease the amount of Notes registered in the name of the nominee for Euroclear and Clearstream, Luxembourg and represented by the Global

Certificate and (ii) increase the amount of Notes registered in the name of the nominee of DTC and represented by the DTC Global Certificate.

***Same day settlement and payment generally***

The Notes represented by the Global Certificates will be eligible to trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expect that secondary trading in any Definitive Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Certificate from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream, Luxembourg) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interest in a Global Certificate by or through a Clearstream, Luxembourg participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

Notes may be issued in such denominations as may be specified in the Final Terms and/or Pricing Term Sheet save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. See "*Special Provisions Relating to Foreign Currency Notes*" for additional information regarding Foreign Currency Notes.

## FORM OF SENIOR NOTES FINAL TERMS

*Set out below is the form of Senior Notes Final Terms which will be completed for each Tranche of Senior Notes issued under the Program with a minimum denomination at least US\$200,000 (or its equivalent in another currency) but so that in no event the minimum denomination will be lower than EUR 100,000.*

**ABN AMRO Bank N.V.**

*(incorporated in The Netherlands with its statutory seat in Amsterdam and registered in the Commercial Register of the Amsterdam Chamber of Commerce under number 34334259)*

**Issue of [Aggregate [Principal][Nominal] Amount of Tranche] [Title of Senior Notes] (the “Notes”)**

**under the Program for the issuance of Medium Term Notes**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC), as amended (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorized, nor do they authorize, the making of any offer of Notes in any other circumstances.

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the base prospectus dated 21 May 2013 [as supplemented by a supplement dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”). This document constitutes the Final Terms of the Senior Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Senior Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [<http://www.abnamro.com/ir/debtinvestors>]. Any information contained in or accessible through any website, including [<http://www.abnamro.com/ir/debtinvestors>], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus or Prospectus with an earlier date. In the event the Base Prospectus or Prospectus with an earlier date was not approved for the purpose of the Prospectus Directive, the Issuer shall publish a supplement to the current Base Prospectus in respect of this increase and such supplement shall be approved by the relevant listing or other competent authority prior to publication.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the base prospectus dated 21 May 2013. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus dated 21 May 2013 [as supplemented by a supplement dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”), save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of the securities is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 21 May 2013, save for the conditions therein, which are replaced by the Conditions and attached hereto. Copies of such documents are available for viewing at [<http://www.abnamro.com/ir/debtinvestors>] and during normal business hours at the registered office of the Issuer, currently at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and copies may be obtained from the Issuer at that address.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]*

1. Issuer: ABN AMRO Bank N.V.
2. (i) Series Number: [●]
  - (ii) Tranche Number: [●]
  - (iii) Date on which the Notes become fungible: [Not Applicable/The Notes will be consolidated, form a single series and be interchangeable for trading purposes with the *[insert description of the Series]* on *[insert date/the Issue Date/ [which is expected to occur on or about [insert date] (40 days after the Issue Date of the new Notes)]*].]
3. Specified Currency or Currencies [●]
4. Aggregate [Principal][Nominal] Amount:
  - (i) Series: [●]
  - (ii) Tranche: [●]
5. Issue Price of Tranche: [●]% of the Aggregate [Principal][Nominal] Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
6. (a) Specified Denominations: [●]
 

[“[EUR100,000] or equivalent and integral multiples of [EUR1,000] or equivalent in excess thereof up to and including [EUR199,000] or



equivalent. No Notes in definitive form will be issued with a denomination above [EUR199,000] or equivalent.”]

[“144A Global Certificates denominated in US dollars: US\$200,000 and integral multiples of US\$1,000 in excess thereof.”]

(b) Calculation Amount

*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor.)*

7. (i) Issue Date

[●]

(ii) Interest Commencement Date:

[Issue Date/Not Applicable/[●]]

8. Maturity Date [or Redemption Month]:

[●]

*(Specify Dates or (for Floating Rate) Interest Payment Date falling in or nearest to [specify month and year]. Redemption Month should only be used where the term of the Notes is an even number of years from the Issuer Date.)*

9. Interest Basis:

[[●]% Fixed Rate]

[+/- [●]% Floating Rate] *(specify particular interest basis)*

[CD Rate]

[CMT Rate]

[Federal Funds Rate]

[Eleventh District Cost of Funds Rate]

[Prime Rate]

[Treasury Rate]

[Commercial Paper Rate]

[[●] Month EURIBOR]

[[●] Month LIBOR]

[Zero Coupon]

(further particulars specified in paragraph[s]

[15][16][17] below)

10. Redemption/Payment Basis:

[Redemption at par]

[Redemption at [●]% of [Principal Amount][Notional Amount]]

*(N.B. A Final Redemption Amount greater than 100% may only occur in the case of Zero Coupon Notes.)*

11. Change of Interest Basis: [Applicable/Not Applicable]  
*[Specify the date when any fixed to floating rate change occurs or refer to paragraphs 15 and 16 below and identify there]*
12. Put/Call Options: [Not Applicable]  
 [Investor Put]  
 [Issuer Call]  
 [(further particulars specified below)]
13. Status of the Notes: Senior Notes
14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date]
- (ii) Fixed Interest Period: [●]
- (iii) Interest Payment Date(s): [●] in each year, up to and including the Maturity Date  
*(NB: This will need to be amended in the case of long or short coupons)*
- (iv) First Interest Payment Date: [●]
- (v) Fixed Coupon Amount(s): [Not Applicable]  
 [[●] per Note of Calculation Amount][[(For the avoidance of doubt, the amount of interest payable on the Interest Payment Date shall be the Fixed Coupon Amount or any Broken Amount, if applicable)].
- (vi) Initial/Final Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (vii) Day Count Fraction: [30/360]  
 [30E/360]  
 [Actual/Actual (ICMA)]  
 [Actual/Actual (ISDA)]

	<p>[Actual/365 (Fixed)]</p> <p>[Actual/360]</p> <p>[30E/360 (ISDA)]</p>
(viii) Determination Date(s):	<p>[●] in each year</p> <p><i>(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)</i></p> <p><i>NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration</i></p> <p><i>NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]</i></p>
(ix) Additional Business Center(s):	[None/[●]]
<b>16. Floating Rate Note Provisions</b>	<p>[Applicable/Not Applicable]</p> <p><i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i></p>
(i) Interest Period(s):	[●]
(ii) Interest Commencement Date:	[●]
(iii) Interest Determination Date(s):	<p>[●]</p> <p><i>(Second London Banking Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period of Sterling LIBOR and the second day which is also a TARGET2 Day prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i></p>
(iv) First Interest Payment Date:	[●]
(v) Specified Interest Payment Dates:	[[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (vi) below]
(vi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day]

- Convention/None]
- (vii) Unadjusted [No/Yes/Not applicable]
- (Only applicable in case a Business Day Convention applies. Insert "No" if the amount of interest payable in respect of the relevant Interest Period should also be adjusted in accordance with the applicable Business Day Convention. Insert "Yes" if the amount of interest should be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the applicable Business Day Convention.)*
- (viii) Additional Business Center(s): [●]
- (ix) Manner in which the Rate of Interest and Interest Amounts is to be determined: [Reference Rate Determination/ISDA Determination]
- (x) Party responsible for calculating the Rate of Interest and Interest Amounts (if not the Calculation Agent): [●]
- (xi) Reference Rate Determination: [Yes/No]
- (If "No", delete the remaining sub-paragraphs of this paragraph)*
- Initial Interest Rate: [●]
  - Index Maturity: [●]
  - Interest Basis or Bases: [CD Rate]  
[CMT Rate]  
[Commercial Paper Rate]  
[Eleventh District Cost of Funds Rate]  
[EURIBOR]  
[Federal Funds Rate]  
[LIBOR]  
[Prime Rate]  
[Treasury Rate]

- Index Currency: [●]
- Spread: [+/-][●]% per annum
- Spread Multiplier: [●]
- Relevant Screen Page: [Condition 4(b)(ii)(B)][(1)][(2)][(3)][(4)][(5)][(6)][(7)][(8)][(9)] applies/[●]
- Interest Determination Date(s): [●]
- Initial Interest Reset Date: [●]
- Initial Reset Period: [●]
- Initial Reset Dates: [●]
- (xii) ISDA Determination: [Yes/No]  
*(If "No", delete the remaining sub-paragraphs of this paragraph)*
- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]
- [- ISDA Definitions: [2000/2006]]
- (xiii) Margin(s): [+/-] [●]% per annum
- (xiv) Minimum Rate of Interest: [●]% per annum
- (xv) Maximum Rate of Interest: [●]% per annum
- (xvi) Day Count Fraction: [Actual/Actual (ISDA)]  
[Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360]  
[360/360]  
[30E/360]  
[30E/360 (ISDA)]
- (xvii) Reference Bank(s) or Dealer(s) (if any): [Not Applicable/[●]]
- 17. Zero Coupon Note Provisions [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Amortization/Accrual Yield: [●]% per annum
- (ii) Reference Price: [●]%
- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment as specified in Condition 6(e)(ii): [Applicable/ Not Applicable/[●]]  
*(Consider applicable day count fraction if not US dollar denominated)*
- (iv) Additional Business Center(s): [None/[●]]

## **PROVISIONS RELATING TO REDEMPTION**

- 18. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
  - (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
  - (iii) Party responsible for calculating Optional Redemption Amount (if not the Fiscal Agent, Calculation Agent or Exchange Rate Agent): [●]
  - (iv) If redeemable in part:
    - (a) Minimum Redemption Amount: [●]
    - (b) Maximum Redemption Amount: [●]
  - (v) Notice period (if other than as set out in the Conditions): [●] days
- 19. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining*

*subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●] per Calculation Amount
  - (iii) Party responsible for calculating Optional Redemption Amount (if not the Fiscal Agent or Exchange Rate Agent): [●]
  - (iv) Notice period (if other than as set out in the Conditions): [●]
20. Final Redemption Amount of each Note: [[●] per Calculation Amount]
- (i) Payment date (if other than as set out in the Conditions): [Not Applicable/[●]]
21. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or upon an event of default or other early redemption (if required or different from that set out in Condition 6(e): [●] per Calculation Amount

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

22. Form of Notes:

- (a) Form: Registered
  - [DTC Regulation S Global Certificate registered in the name of, or nominee of, DTC]
  - [Regulation S Global Certificate registered in the name of, or the name of a nominee of, [a common depository for Euroclear and Clearstream, Luxembourg/a Common Safekeeper for Euroclear and Clearstream, Luxembourg]]
  - [Rule 144A Global Certificate registered in the name of, or the name of a nominee of, DTC]

23. New Safekeeping Structure: [Yes/No]
24. Additional Financial Center(s): [Not Applicable/[●]]
25. [For the purposes of Condition 12, notices to be published in the Financial Times:] [Yes/No]
26. Whether Condition 7(a) of the Notes applies (in which case Condition 6(b) of the Notes will not apply) or whether Condition 7(b) and Condition 6(b) of the Notes apply: [Condition 7(a) applies and Condition 6(b) does not apply/Condition 7(b) and Condition 6(b) apply]

## DISTRIBUTION

27. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/[●]]
- [(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)]*
- (ii) Date of Pricing Term Sheet [●]
- (iii) Stabilizing Manager(s) (if any): [Not Applicable/[●]]
28. If non-syndicated, name and address of relevant Manager: [Not Applicable/[●]]
29. Eligibility: [Rule 144A only/Reg S only/Rule 144A and Reg S]
30. US Selling Restrictions: [144A/Reg S]



## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[Relevant third party information] relating to paragraph [•] above, which has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of ABN AMRO Bank N.V.:

By: \_\_\_\_\_  
Duly authorized

By: \_\_\_\_\_  
Duly authorized

## PART B – OTHER INFORMATION

31. **LISTING AND ADMISSION TO TRADING** [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext in Amsterdam/specify relevant regulated market and, if relevant, admission to an official list]] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext in Amsterdam/specify relevant regulated market and, if relevant, admission to an official list] with effect from [●].] [Not Applicable.]
- (i) Admission to Trading:
- (ii) Estimate of total expenses related to admission to trading: [●]

## 32. RATINGS

Ratings: [[The Notes to be issued [have been/are expected to be] rated:]/[The following ratings reflecting ratings assigned to Notes of this type issued under the Programme generally:]]

[S & P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

*[Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and [has]/[have each] applied for registration under Regulation (EC) No 1060/2009 (the "CRA Regulation), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority]]. [[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation.) [[Insert full legal name of credit rating agency/ies] [is]/[are] not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation") and the*

*rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").]*

*(The above disclosure should reflect the rating allocated to Notes of the type issued under the Program generally or, where the issue has been specifically rated, that rating.)*

(A rating does not constitute a recommendation to purchase, sell or hold a particular Note.)

33. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Agents], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

The Agents and their respective affiliates are full service financial institutions and they may provide or may have in the past provided services to the Issuer in that capacity, and they may hold or make investment recommendations relating to securities or instruments of the Issuer. See “*Plan of Distribution*”.

34. **YIELD** (*Fixed Rate Notes only*)

Indication of yield: [●]

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

35. **OPERATIONAL INFORMATION**

- |                 |   |
|-----------------|---|
| (i) CUSIP:      | <i>Rule 144A:</i> [●]<br><i>[Regulation S:</i> [●]] |
| (ii) ISIN Code: | <i>Rule 144A:</i> [●]<br><i>Regulation S:</i> [●]   |

- (iii) Common Code: *Rule 144A:* [●]  
*Regulation S:* [●]
- (iv) Any clearing system(s) other than DTC or Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and numbers(s)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of additional Paying Agent(s) (if any): [●]
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]  
 [Note that the designation “yes” does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met]  
 The Notes will be deposited initially upon issue with [one of the ICSDs acting as common safekeeper/[a non-ICSD] common safekeeper.]  
*[Include this text if "yes" selected, in which case the Global Certificate governing such Notes must be held under the New Safekeeping Structure]*

## TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following are the Terms and Conditions of Senior Notes to be issued by the Issuer (each, a “**Condition**”) which will be incorporated by reference into each Global Certificate and the definitive Notes (if any) representing the Senior Notes. The applicable Pricing Term Sheet and/or Final Terms in relation to any Tranche of Senior Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Senior Notes. The applicable Pricing Term Sheet and/or Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Certificate and definitive Note representing the Senior Notes. Reference should be made to “Book Entry, Delivery, Form and Settlement” above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Senior Note is one of a series of Senior Notes issued by ABN AMRO Bank N.V. (in such capacity, the “**Issuer**”, which expression shall include any substituted debtor or transferee pursuant to Condition 15 (*Substitution of the Issuer*)) pursuant to the Senior Notes Agency Agreement (as defined below). References herein to the “**Senior Notes**” shall be references to the Senior Notes of this Series (as defined below) and shall mean (i) in relation to any Senior Notes represented by a Global Certificate, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Senior Notes issued in exchange for a Global Certificate and (iii) any Global Certificate. The Senior Notes will be issued in accordance with an Senior Notes Agency Agreement dated as of 21 May 2013 (as supplemented, amended and/or replaced from time to time, the “**Senior Notes Agency Agreement**”), among the Issuer, The Bank of New York Mellon, London Branch, as Fiscal Agent and transfer agent (the “**Transfer Agent**”), The Bank of New York Mellon, New York as US registrar (the “**US Registrar**”) and US paying agent (the “**US Paying Agent**”), The Bank of New York Mellon (Luxembourg) S.A. as European paying agent (the “**European Paying Agent**”, and together with the US Paying Agent, the “**Paying Agents**,” and each individually, a “**Paying Agent**”) and European registrar (the “**European Registrar**” and, together with the US Registrar, the “**Registrars**” and, each, a “**Registrar**”). The terms US Registrar, US Paying Agent, European Paying Agent, Transfer Agent, and European Registrar shall include any additional or successor agents appointed in such capacities by the Issuer. The Senior Notes Agency Agreement permits the appointment of other agents, including one or more calculation agents (each, a “**Calculation Agent**”) and a currency exchange agent (the “**Exchange Rate Agent**”). Unless otherwise indicated in an applicable Pricing Term Sheet and/or Final Terms, The Bank of New York Mellon will act as Calculation Agent and as Exchange Rate Agent with respect to the Senior Notes. Because the Senior Notes will not be issued pursuant to an indenture, each Senior Noteholder will be responsible for acting independently with respect to certain matters affecting such holder’s Senior Notes, including enforcing any covenants contained therein, and responding to any requests for consents or waivers. The term “**Registered Note**” means a Senior Note in registered form.

Any reference herein to “**Senior Noteholders**” shall mean the several persons who are for the time being holders of outstanding Senior Notes (being, the registered owners thereof as reflected in the relevant Registers), except that for so long as any of the Senior Notes are represented by a Global Certificate, each person who is for the time being shown in the records of DTC and/or Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Senior Notes (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of

Clearstream, Luxembourg) (in which regard any certificate or other document issued by DTC and/or Euroclear and Clearstream, Luxembourg as to the principal amount of such Senior Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by ABN AMRO Bank N.V. and the Fiscal Agent as a holder of such principal amount of such Senior Notes for all purposes other than for the payment of principal, premium (if any) and interest on such Senior Notes, the right to which shall be vested, as against ABN AMRO Bank N.V. and the Fiscal Agent, solely in the person in whose name the Global Certificate is registered in accordance with and subject to its terms (and the expressions “**Holder**”, “**Holder of Senior Notes**” and related expressions shall be construed accordingly);

The Final Terms for this Senior Note is endorsed hereon or attached hereto and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Senior Note. References herein to the “**applicable Final Terms**” are to the Final Terms for this Senior Note. References herein to the “**applicable Pricing Term Sheet**” are to the Pricing Term Sheet for this Senior Note.

As used herein, “**Tranche**” means Senior Notes which are identical in all respects (including as to listing) and “**Series**” means a Tranche of Senior Notes together with any further Tranche or Tranches of Senior Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing and admission to trading) from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Senior Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet are available for viewing at the specified offices of each of the Fiscal Agent, the Registrars and the other Paying Agents and at the registered offices of the Issuer and copies may be obtained from those offices. The Senior Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Senior Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet which are binding on them.

Words and expressions defined in the Senior Notes Agency Agreement or used in the applicable Final Terms and/or Pricing Term Sheet shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

## **1. Form, Denomination and Title**

The Senior Notes are issued in registered form without interest coupons attached and, in the case of definitive Senior Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the specified Form(s).

This Senior Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms and/or Pricing Term Sheet.

The Senior Notes are represented by one or more global registered note certificates (each, a “**Global Certificate**”) without receipts, interest coupons or talons. A Global Certificate will be issued to each person in whose name a Global Certificate is for the time being registered in the Register (as defined in this Condition 1), or, in the case of a joint holding, the first named thereof

(the “**Registered Holder**”), in respect of its holding. The serial number of each Global Certificate will be recorded in the Register. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the US Registrar or European Registrar (as the case may be) in accordance with the provisions of the Senior Notes Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction, a competent regulatory authority or as required by law or applicable regulations, the Issuer, the Fiscal Agent, the Registrar, any Paying Agent and any Transfer Agent may deem and treat the Registered Holder of any Senior Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as DTC, Euroclear, or Clearstream, Luxembourg, as the case may be, or its nominee is the Registered Holder of a Global Certificate, such holder shall (except as otherwise provided by applicable law or regulatory requirements) be treated by the Issuer, the Fiscal Agent, any Paying Agent, the Registrar and any Transfer Agent as the absolute owner of such principal amount of such Senior Notes for all purposes and no person shall be liable for so treating such Registered Holder. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms and/or Pricing Term Sheet.

The Senior Notes are in the minimum denomination specified in the Final Terms and/or Pricing Term Sheet or integral multiples thereof.

## **2. Transfers and Exchange of Senior Notes**

### **(a) Transfers Generally**

Ownership of beneficial interests in Global Certificates will be evidenced only by, and transfers thereof will be effected only through, records maintained by the relevant clearing system through which such beneficial interests are held and such clearing system’s direct and indirect participants. Owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of definitive Senior Notes except in certain limited circumstances, including closure of the relevant clearing system(s). Any registered interests in a Global Certificate (i) may, upon the terms and subject to the conditions set forth in the Senior Notes Agency Agreement, be transferred by the Registered Holder in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms and/or Pricing Term Sheet) upon the surrender of the Senior Notes to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Senior Note will be issued to the transferee and, in the case of a transfer of part only of a Senior Note, a new Senior Note in respect of the balance not transferred will be issued to the transferor and (ii) will be transferable only in accordance with the rules and procedures for the time being as in effect from time to time of DTC, Euroclear and/or Clearstream, Luxembourg or such other applicable clearing system as the case may be.

### **(b) Exchange and Transfer of Definitive Senior Notes**

#### **(i) Exchange for Definitive Senior Notes**

Unless otherwise provided in the applicable Pricing Term Sheet and/or Final Terms, beneficial interests in a Global Certificate will be exchangeable by the Issuer in whole but not in part only at the option of the Registered Holder for definitive Senior Notes, only if such exchange is permitted by applicable law and (i) in the case of a DTC Global Certificate, DTC notifies the Issuer that it is unwilling or unable to continue as depository for the DTC Global Certificate or DTC ceases to be a clearing agency registered under the Exchange Act, if so required by applicable law or regulation, and, in either case, a successor depository is not appointed by the Issuer within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, (ii) in the case of any other Global Certificate, if the clearing system(s) through which it is cleared and settled is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to cease business permanently or does in fact do so and a successor or successors is or are not appointed by the Issuer within 90 days from the commencement of such closure, announcement or cessation of business, or (iii) upon an Event of Default as described in Condition 9 (*Events of Default*).

(ii) *Transfers of Definitive Senior Notes*

Subject to paragraphs (iii), (iv) and (v) below, a definitive Senior Note may be transferred upon surrender of the definitive Senior Note, with the endorsed form of transfer duly completed (or another form of transfer in substantially the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), at the specified office of the Relevant Registrar or any Paying Agent, together with such evidence as the Relevant Registrar or (as the case may be) such Paying Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the definitive Senior Notes represented by the surrendered definitive Senior Notes are the subject of the transfer, a new definitive Senior Note in respect of the balance of the definitive Senior Notes will be issued to the transferor.

(iii) *Registration and delivery of Definitive Senior Notes*

Within five business days of the surrender of a definitive Senior Note and receipt of the form of transfer or duly signed and completed notice of exercise (an “**Exercise Notice**”) in accordance with paragraph (ii) above, the Relevant Registrar will register the transfer in question and deliver a new definitive Senior Note of a like principal amount to the definitive Senior Notes transferred to each transferee at its specified office or (as the case may be) the specified office of any Paying Agent or (at the request and risk of any such relevant transferee) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such transferee. In this paragraph, “Business Day” means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Relevant Registrar or (as the case may be) the relevant Transfer Agent has its specified office. Title to such definitive Senior Note passes by registration as evidenced by entries in the applicable Register.

(iv) *No charge*

The transfer of a definitive Senior Note will be effected without charge by or on behalf of the Issuer, the Relevant Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other governmental charges of whatsoever nature which may be levied or imposed in connection with such transfer.



(v) *Closed periods*

Neither transferors nor transferees may require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(vi) *Regulations concerning transfers and registration*

All transfers of definitive Senior Notes and entries on the Register are subject to the detailed regulations concerning the transfer of definitive Senior Notes scheduled to the Senior Notes Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Relevant Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

(c) *Exchange Between Regulation S Global Certificates and Rule 144A Global Certificates*

Beneficial interests in a Regulation S Global Certificate may be transferred to a person who wishes to hold a beneficial interest in a Rule 144A Global Certificate only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor (in the form set out in the Senior Notes Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Beneficial interests in a Rule 144A Global Certificate may also be transferred to a person who wishes to hold a beneficial interest through a Regulation S Global Certificate, but only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or with Rule 144A (if available) under the Securities Act.

Any beneficial interest in either a Rule 144A Global Certificate or a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Certificate will, upon transfer, cease to be a beneficial interest in such Global Certificate and become a beneficial interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Certificate.

### **3. Status of Senior Notes**

Senior Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory and/or overriding provisions of law.

### **4. Interest**

Senior Notes may be interest-bearing or non interest-bearing, as specified in the Final Terms and/or Pricing Term Sheet. Interest-bearing Senior Notes shall be Fixed Rate Notes or Floating Rate Notes.

**(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date.

As used in the Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

The amount of interest payable in respect of each Senior Note for any Fixed Interest Period shall be the relevant Fixed Coupon Amount (or, in respect of the Fixed Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the Final Terms) and, if the Senior Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

If interest is required to be calculated for a period other than a Fixed Interest Period or no Fixed Coupon Amount is specified in the applicable Pricing Term Sheet and/or Final Terms, such interest shall be calculated by applying the Rate of Interest to the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Certificate and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Pricing Term Sheet and/or Final Terms:
  - (a) in the case of Senior Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; or
  - (b) in the case of Senior Notes where the Accrual Period is longer than the Determination Period, the sum of:
    - (1) the actual number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in

such Determination Period and (y) the number of Determination Periods normally ending in any year; and

- (ii) if “30/360” is specified in the applicable Pricing Term Sheet and/or Final Terms, the number of days in the Determination Period in respect of which payment is being made divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Accrual Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; and

- (iii) if “Actual/Actual (ISDA)” is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 365 (or, if any portion of that Fixed Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Interest Period falling in a non-leap year divided by 365); and
- (iv) if “Actual/365 (Fixed)” is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 365; and
- (v) if “Actual/360” is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 360; and
- (vi) if “30E/360” is specified in the applicable Pricing Term Sheet and/or Final Terms, the number of days in the Fixed Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Fixed Interest Period unless, in the case of a Fixed Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Fixed Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Fixed Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Fixed Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Fixed Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Fixed Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Fixed Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Fixed Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

In these Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and with respect to Euro, means one cent.

**(b) Interest on Floating Rate Notes**

**(i) Interest Payment Dates**

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Term Sheet and/or Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Term Sheet and/or Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls on the number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Term Sheet and/or Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such First Interest Payment Date or Specified Interest Payment Date, as the case may be (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or Final Terms after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

If a Business Day Convention is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days for calculating the amount of interest payable in respect of the relevant Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms and/or Pricing Term Sheet, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms and/or Pricing Term Sheet.

In this Condition, "**Business Day**" means, unless otherwise specified in the applicable Final Terms and/or Pricing Term Sheet, a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Center specified in the applicable Pricing Term Sheet and/or Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than London and any Additional Business Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System (or any successor thereto) is open "**TARGET2 Day**". In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms on the following basis:

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Pricing Term Sheet and/or Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the sum of the relevant ISDA Rate and the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., and as amended

and updated as at the Issue Date of the first Tranche of the Senior Notes (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms and/or Pricing Term Sheet;
- (2) the Designated Maturity is the period specified in the applicable Final Terms and/or Pricing Term Sheet; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) for a currency or on the Euro-zone inter-bank offered rate (“**EURIBOR**”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Term Sheet and/or Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 4(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Reference Rate Determination

The rate of Interest on Floating Rate Notes will be determined by reference to the applicable Interest Basis, which may, as described below, include:

- (1) the CD Rate;
- (2) the CMT Rate;
- (3) the Commercial Paper Rate;
- (4) the Eleventh District Cost of Funds Rate;
- (5) EURIBOR;
- (6) the Federal Funds Rate;
- (7) LIBOR;
- (8) the Prime Rate; or
- (9) the Treasury Rate

as specified in the applicable Pricing Term Sheet and/or Final Terms.

The Calculation Agent shall determine each Interest Basis in accordance with the following provisions:

(1) *CD Rate*

If “CD Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the interest rate (calculated with reference to the CD Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**CD Rate**” means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CD Rate (a “CD Rate Interest Determination Date”), the rate on such date for negotiable US dollar certificates of deposit having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) (as defined below) opposite the caption “CDs (secondary market)” or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such CD Rate Interest Determination Date for negotiable US dollar certificates of deposit of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update (as defined below), or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption “CDs (secondary market)”. If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable US dollar certificates of deposit in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for negotiable US dollar certificates of deposit of major United States money banks with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, in an amount that is representative for a single transaction in that market at that time; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined as of such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

“**H.15(519)**” means the weekly statistical release published by the Board of Governors of the Federal Reserve System and available on their website at [www.federalreserve.gov/releases/h15/update/h15upd.htm](http://www.federalreserve.gov/releases/h15/update/h15upd.htm), or any successor site or publication.



**“H.15 Daily Update”** means the daily update of H.15(519), published by the Board of Governors of the Federal Reserve System and available on their website at [www.federalreserve.gov/releases/h15/update/h15upd.htm](http://www.federalreserve.gov/releases/h15/update/h15upd.htm), or any successor site or publication.

(2) *CMT Rate*

If “CMT Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the CMT Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, **“CMT Rate”** means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CMT Rate (a **“CMT Rate Interest Determination Date”**),

- (i) if “Reuters Page FRBCMT” (as defined below) is specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:
  - (a) the percentage equal to the yield for United States Treasury securities at “constant maturity” having the Designated CMT Maturity Index specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption “Treasury constant maturities”, as the yield is displayed on Reuters (or any successor service) (“Reuters”) on page FRBCMT (or any other page as may replace such page on such service) (“Reuters Page FRBCMT”), on the particular CMT Rate Interest Determination Date, or
  - (b) if the rate referred to in clause (a) does not so appear on the Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at “constant maturity” having the particular Designated CMT Maturity Index and for the particular CMT Rate Interest Determination Date as published in H.15(519) opposite the caption “Treasury constant maturities”, or
  - (c) if the rate referred to in clause (b) does not so appear in H.15(519), the rate on the particular CMT Rate Interest Determination Date for the period of the particular Designated CMT Maturity Index as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the

Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519), or

- (d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York (which may include the Agents or their affiliates) (each, a “**Reference Dealer**”), selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or
- (e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or
- (f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to

that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or

- (g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or
  - (h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on the particular CMT Rate Interest Determination Date, or
  - (i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated CMT Maturity Index, the quotes for the Treasury security with the shorter original term to maturity will be used.
- (ii) if “Reuters Page FEDCMT” (as defined below) is specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:
- (a) the percentage equal to the one week or one month, as specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, average yield for United States Treasury securities at “constant maturity” having the Designated CMT Maturity Index, as published in H.15(519) opposite the caption “Treasury constant maturities”, as the yield is displayed on Reuters on page FEDCMT (or any other page as may replace such page on such service) (“**Reuters Page FEDCMT**”), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls, or
  - (b) if the rate referred to in clause (a) does not so appear on the Reuters Page FEDCMT, the percentage equal to the one week or one month, as applicable, average yield for United States Treasury securities at “constant maturity” having the particular Designated CMT Maturity Index for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as published in H.15(519) opposite the caption “Treasury constant maturities,” or

- (c) if the rate referred to in clause (b) does not so appear in H.15(519), the one week or one month, as applicable, average yield for United States Treasury securities at “constant maturity” having the particular Designated CMT Maturity Index as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls, or
- (d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or
- (e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or
- (f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest,

for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in the securities in that market at the time, or

- (g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or
- (h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that CMT Rate Interest Determination Date, or
- (i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated CMT Maturity Index, the quotes for the United States Treasury security with the shorter original term to maturity will be used.

**“Designated CMT Maturity Index”** means the original period to maturity of the US Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the Pricing Term Sheet and/or Final Terms, as the case may be, with respect to which the CMT Rate will be calculated.

(3) *Commercial Paper Rate*

If the “Commercial Paper Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Commercial Paper Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, **“Commercial Paper Rate”** means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Commercial Paper Rate (a “Commercial Paper Rate Interest Determination Date”), the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption “Commercial Paper—Nonfinancial” or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Money Market

Yield on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “Commercial Paper—Nonfinancial”. If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of US dollar commercial paper in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, placed for industrial issuers whose bond rating is “Aa”, or the equivalent, from a nationally recognized statistical rating organization; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

“Money Market Yield” means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where “D” refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and “M” refers to the actual number of days in the applicable Interest Reset Period.

(4) *Eleventh District Cost of Funds Rate*

If the “Eleventh District Cost of Funds Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Eleventh District Cost of Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**Eleventh District Cost of Funds Rate**” means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Eleventh District Cost of Funds Rate (an “Eleventh

District Cost of Funds Rate Interest Determination Date”), the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost of Funds Rate Interest Determination Date falls as set forth opposite the caption “11TH Dist COFI” on the display on Reuters (or any successor service) on page “COFI/ARMS” (or any other page as may replace such page on such service) (“**Reuters Page COFI/ARMS**”) as of 11:00 A.M., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on the Reuters Page COFI/ARMS on such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate on such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the “**Index**”) by the Federal Home Loan Bank (“**FHLB**”) of San Francisco as such cost of funds for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date. If the FHLB of San Francisco fails to announce the Index on or prior to such Eleventh District Cost of Funds Rate Interest Determination Date for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date will be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

(5) *EURIBOR*

If “EURIBOR” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to EURIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**EURIBOR**” means the rate determined in accordance with the following provisions:

- (i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to EURIBOR (a “**EURIBOR Interest Determination Date**”), EURIBOR will be the rate for deposits in Euro as sponsored, calculated and published jointly by the European Banking Federation and ACI The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity as specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on Reuters on page EURIBOR01 (or any other page as may replace such page on such service) (“**Reuters Page EURIBOR01**”) as of 11:00 A.M., Brussels time, on such

EURIBOR Interest Determination Date; or if no such rate so appears, EURIBOR on such EURIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

- (ii) With respect to a EURIBOR Interest Determination Date on which no rate appears on the Reuters Page EURIBOR01 as specified in Clause (i) above, the Calculation Agent will request the principal Euro zone office of each of four major reference banks (which may include the Agents or their affiliates) in the Euro zone interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in Euro for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the Euro zone interbank market at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date and in a principal amount not less than the equivalent of US\$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time. If at least two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of such quotations.
- (iii) If fewer than two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date by four major banks (which may include the Agents or their affiliates) in the Euro zone selected by the Calculation Agent for loans in Euro to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on that Interest Reset Date and in a principal amount not less than the equivalent of US\$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time.
- (iv) If the banks so selected by the Calculation Agent are not quoting as mentioned in the preceding sentence, EURIBOR determined as of such EURIBOR Interest Determination Date will be EURIBOR in effect on such EURIBOR Interest Determination Date.

“**Euro zone**” means the region comprised of member states of the European Union that have adopted the single currency in accordance with the Treaty on European Union signed at Maastricht on February 7, 1992.



(6) *Federal Funds Rate*

If “Federal Funds Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Federal Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**Federal Funds Rate**” means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Federal Funds Rate (a “Federal Funds Rate Interest Determination Date”),

- (i) if “Federal Funds (Effective) Rate” is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the Federal Funds Rate Interest Determination Date shall be the rate with respect to such date for US dollar federal funds as published in H.15(519) opposite the heading “Federal funds (effective)” and that appears on Reuters on page FEDFUNDS1 (or any other page as may replace such page on such service) (“**Reuters Page FEDFUNDS1**”) under the heading “EFFECT” or, if such rate is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate with respect to such Federal Funds Rate Interest Determination Date for US dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption “Federal funds (effective)”. If such rate does not appear on Reuters Page FEDFUNDS 1 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate with respect to such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight US dollar federal funds arranged by three leading brokers of US dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on the Business Day following such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;

- (ii) if “Federal Funds Open Rate” is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable Federal Funds Rate Interest Determination Date shall be the rate on such date under the heading “Federal Funds” for the relevant Index Maturity and opposite the caption “Open” as such rate is displayed on Reuters on page 5 (or any other page as may replace such page on such service) (“**Reuters Page 5**”), or, if such rate does not appear on Reuters Page 5 by 3:00 P.M., New York City time, on the Calculation Date, the Federal Funds Rate for the Federal Funds Rate Interest Determination Date will be the rate for that day displayed on the FFPREBON Index page on Bloomberg L.P. (“**Bloomberg**”), which is the Fed Funds Opening Rate as reported by Prebon Yamane (or a successor) on Bloomberg. If such rate does not appear on Reuters Page 5 or is not displayed on the FFPREBON Index page on Bloomberg or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight US Dollar federal funds arranged by three leading brokers of US Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;
- (iii) if “Federal Funds Target Rate” is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable Federal Funds Rate Interest Determination Date shall be the rate on such date as displayed on the FDTR Index page on Bloomberg. If such rate does not appear on the FDTR Index page on Bloomberg by 3:00 P.M., New York City time, on the Calculation Date, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date will be the rate for that day appearing on Reuters on page USFFTARGET= (or any other page as may replace such page on such service) (“**Reuters Page USFFTARGET=**”). If such rate does not appear on the FDTR Index page on Bloomberg or is not displayed on Reuters Page USFFTARGET= by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic

mean of the rates for the last transaction in overnight US Dollar federal funds arranged by three leading brokers of US Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

(7) *LIBOR*

If “LIBOR” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to LIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**LIBOR**” means the rate determined in accordance with the following provisions:

- (i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to LIBOR (a “**LIBOR Interest Determination Date**”), LIBOR will be the rate for deposits in the Designated LIBOR Currency for a period of the Index Maturity specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on the Designated LIBOR Page (as defined below) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, or if no such rate so appears, LIBOR on such LIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.
- (ii) With respect to a LIBOR Interest Determination Date on which no rate appears on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent will request the principal London offices of each of four major reference banks (which may include the Agents or their affiliates) in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the

Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks (which may include the Agents or their affiliates) in such Principal Financial Center selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the related Interest Reset Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

**“Designated LIBOR Currency”** means the currency specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as to which LIBOR shall be calculated or, if no such currency is specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, US dollars.

**“Designated LIBOR Page”** means the display on Reuters (or any successor service) on page LIBOR01 or LIBOR02, as specified in the applicable Pricing Term Sheet and/or Final Terms (or any other page as may replace such page on such service or successor service), for the purpose of displaying the London interbank rates (which may include affiliates of the Distribution Agents) for the Designated LIBOR Currency.

**“London Banking Day”** is any day (other than a Saturday or Sunday) in which dealings in deposits in United States dollars are transacted or, with respect to any future date, are expected to be transacted in the London interbank market.

**“Principal Financial Center”** means (i) the capital city of the country issuing the Specified Currency, or (ii) the capital city of the country to which the Designated LIBOR Currency, if applicable, relates, except, in each case, that with respect to US Dollars, Australian Dollars, Canadian Dollars, Euro, New Zealand Dollars, South African Rand and Swiss Francs, the “Principal Financial Center” shall be The City of New York, Sydney, Toronto, The City of London (solely in the case of the Designated LIBOR Currency), Wellington, Johannesburg and Zurich, respectively.

(8) *Prime Rate*

If “Prime Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Prime Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**Prime Rate**” means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Prime Rate (a “Prime Rate Interest Determination Date”), the rate on such date as such rate is published in H.15(519) opposite the caption “Bank prime loan” or, if not published prior to 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption “Bank Prime Loan”. If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean, as determined by the Calculation Agent, of the rates of interest publicly announced by each bank that appears on Reuters on page USPRIME1 (or any other page as may replace such page on such service for the purpose of displaying prime rates or base lending rates of major United States banks (“**Reuters Page USPRIME1**”)) as such bank’s prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date. If fewer than four such rates so appear on Reuters Page USPRIME1 for such Prime Rate Interest Determination Date by 3:00 P.M., New York City time on the related Calculation Date, then the Prime Rate shall be the arithmetic mean calculated by the Calculation Agent of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360 day year as of the close of business on such Prime Rate Interest Determination Date by three major banks (which may include the Agents or their affiliates) in New York City selected by the Calculation Agent; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date or, if no Prime Rate was in effect on such Prime Rate Interest Determination Date, the rate on such Floating Rate Note for the following Interest Reset Period shall be the Initial Interest Rate.

(9) *Treasury Rate*

If “Treasury Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Treasury Rate and the Spread and/or

Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**Treasury Rate**” means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined by reference to the Treasury Rate (a “**Treasury Rate Interest Determination Date**”), the rate from the auction held on such Treasury Rate Interest Determination Date (the “Auction”) of direct obligations of the United States (“Treasury Bills”) having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, under the caption “INVEST RATE” on the display on Reuters or any successor service on page USAUCTION 10 (or any other page as may replace such page on such service) (“**Reuters Page USAUCTION 10**”) or page USAUCTION 11 (or any other page as may replace such page on such service) (“**Reuters Page USAUCTION 11**”) or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined below) of the auction rate of such Treasury Bills as announced by the US Department of the Treasury. In the event that the auction rate of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, is not so announced by the US Department of the Treasury, or if no such Auction is held, then the Treasury Rate will be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption “US government securities/Treasury bills/secondary market” or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “US government securities/Treasury bills/secondary market”. If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Treasury Rate will be calculated by the Calculation Agent and will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary US government securities dealers (which may include the Agents or their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

“**Bond Equivalent Yield**” means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where “D” refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, “N” refers to 365 or 366, as the case may be, and “M” refers to the actual number of days in the applicable Interest Reset Period.

(iii) Minimum and/or Maximum Rate of Interest

If the applicable Pricing Term Sheet and/or Final Terms specifies a Minimum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be less than such Minimum Rate of Interest and/or if it specifies a Maximum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be greater than such Maximum Rate of Interest.

Unless otherwise stated in the applicable Final Terms and/or Pricing Term Sheet, the Minimum Rate of Interest shall be deemed to be zero.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to in the case of Floating Rate Notes, the aggregate outstanding nominal amount of the Senior Notes represented by such Global Certificate and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (a) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (b) if “Actual/365 (Fixed)” is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period in respect of which payment is being made divided by 365;
- (c) if “Actual/360” is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period in respect of which payment is being made divided by 360;
- (d) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day} \quad \text{Count} \quad \text{Fraction} \quad =$$

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (e) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:



$$\frac{\text{Day} \quad \text{Count} \quad \text{Fraction} \quad =}{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (f) if “30E/360 (ISDA)” is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\frac{\text{Day} \quad \text{Count} \quad \text{Fraction} \quad =}{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(v) Notification of Rate of Interest and Interest Amount

The Fiscal Agent or, if applicable, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth Amsterdam Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Senior Noteholders in accordance with Condition 12 (*Notices*). For the purposes of this paragraph, the expression “**Amsterdam Business Day**” means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in Amsterdam.

(vi) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph (b), whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the Calculation Agent (if applicable), the other Paying Agents and all Senior Noteholders and (in the absence as aforesaid) no liability to the Issuer or the Senior Noteholders shall attach to the Fiscal Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(c) Interest on Foreign Currency Senior Notes**

In the case of Foreign Currency Senior Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms.

**(d) Accrual of Interest**

Each Senior Note (or in the case of the redemption of part only of a Senior Note, that part only of such Senior Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Senior Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Senior Noteholders in accordance with Condition 12 (*Notices*) or individually.

**5. Payments**

**(a) Principal, Interest and Record Date**

Payment of the principal of and any premium or interest on Senior Notes, other than Foreign Currency Senior Notes with respect to which a Specified Currency payment election has been made, will be made to the registered holders thereof at the office of the US Paying Agent or, if applicable, the European Paying Agent, or such other office or agency of the Issuer maintained by it for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of the principal of and any premium and interest on such Senior Notes due at Maturity will be made to the registered holders thereof in immediately available funds at such office or such other offices or agencies if such Senior Notes are presented to the applicable Paying Agent or any other paying agent in time for the applicable Paying Agent or such other paying agent to make such payments in accordance with its normal procedures; and, provided, further, that at the option of the Issuer, payment of interest, other than interest payable at Maturity, may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Register unless that address is in the Issuer's country of incorporation or, if different, country of tax residence; and, provided, further, that notwithstanding the foregoing a registered holder of US\$5,000,000 or more in aggregate principal amount of such Senior Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at Maturity, by wire transfer of immediately available funds to an account at a bank located in The City of New York (or other location consented to by such Issuer) if appropriate wire transfer instructions have been received by the applicable Paying Agent or any other paying agent in writing not less than 15 calendar days prior to the applicable Interest Payment Date.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, payments of principal of and any premium and interest on Foreign Currency Senior Notes will be made in US dollars unless the holder thereof elects to receive such payments in the Specified Currency as described below.

Any US dollar amount to be received by a holder of a Foreign Currency Senior Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day with respect to such Senior Note preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) for the purchase by the quoting dealer of the Specified Currency for US dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all holders of Foreign Currency Senior Notes scheduled to receive US dollar payments and at which the applicable dealer commits to execute a contract. If such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the holder of the Foreign Currency Senior Notes by deductions from such payments.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, a holder of a Foreign Currency Senior Notes may elect to receive payment of the principal of and any premium and interest on such Senior Note in the Specified Currency by transmitting a written request for such payment to the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be. Such request, which must include the wire transfer instructions referred to below, may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. A holder of a Foreign Currency Senior Note may elect to receive payment in the Specified Currency for all principal and any premium and interest payments and need not file a separate election for each payment. All costs associated with such currency exchange will be paid by the holder. Such election will remain in effect until revoked by written notice to the applicable Paying Agent, but written notice of any such revocation must be received by the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be.

The payment of principal of and any premium or interest on Foreign Currency Senior Notes paid in the Specified Currency other than at Maturity will be made by check drawn upon a bank office located outside the United States, and any such payments due at Maturity will be made by wire transfer of immediately available funds to an account maintained by the Holder with a bank office located in the country which issued the Specified Currency upon presentation of such Senior Notes to the applicable Paying Agent or any other paying agent in time for such wire transfer to be made by the applicable Paying Agent or such other paying agent in accordance with its normal procedures.

If a Specified Currency is not available for the payment of principal or any premium or interest with respect to a Foreign Currency Senior Note due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to holders of Foreign Currency Senior Notes by making such payment in US dollars on the basis of the market exchange rate on the second Market Day prior to the date of such payment, or if such market exchange rate is not then available, on the basis of the most recently available market exchange rate.

Each payment in respect of a Registered Note in definitive form will be made to the person shown as the Registered Holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (in respect of such Senior Notes, the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Registered Holder in the Register at the opening of business on the relevant Record Date. Each payment in respect of a Registered Note in global form will be made to the person shown as the Registered

Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (in respect of such Senior Notes, the “**Record Date**”), where “**Clearing System Business Day**” means a day on which each clearing system for which the Relevant Global Certificate is being held is open for business.

**(b) Payment Day**

If the date for payment of any amount in respect of any Senior Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes (unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms), “**Payment Day**” means any day which (subject to Condition 5 (*Payments*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) any Additional Business Center specified in the applicable Final Terms and/or Pricing Term Sheet; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than the place of presentation and any Financial Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

**(c) Interpretation of Principal and Interest**

Any reference in these Terms and Conditions to principal or nominal amount in respect of the Senior Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);
- (ii) the Final Redemption Amount of the Senior Notes;
- (iii) the Early Redemption Amount of the Senior Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Senior Notes;
- (vi) in relation to Zero Coupon Notes, the Amortized Face Amount (as defined below); and
- (vii) any premium and any other amounts (other than accrued interest) which may be payable by the Issuer under or in respect of the Senior Notes.

Any reference in these Terms and Conditions to interest in respect of the Senior Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

## **6. Redemption and Purchase**

### **(a) Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Senior Note will be redeemed by the Issuer at its Final Redemption Amount (together with any accrued interest) specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms in the relevant Specified Currency on the Maturity Date or the Interest Payment Date falling in the Redemption Month (as defined and specified in the applicable Final Terms).

### **(b) Redemption for Tax Reasons**

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, Senior Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Senior Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Senior Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) if, on the occasion of the next payment due under the Senior Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment (i) becomes effective on or after the Issue Date of the first Tranche of the Senior Notes; provided, however, that (1) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts in respect of the Senior Notes were a payment in respect of the Senior Notes then due (2) at the time such notice of redemption is given, such obligation to pay such additional amounts remains in effect and (3) any election by the Issuer to make any withholding pursuant to Condition 7(a) (*Taxation*) shall not prevent the Issuer from giving such notice.

Each Senior Note redeemed pursuant to this Condition 6(b) will be redeemed at its Early Redemption Amount referred to in paragraph (e) (*Early Redemption Amount*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **(c) Redemption at the Option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Pricing Term Sheet and/or Final Terms, the Issuer may at its option, and, subject as provided in paragraph (e) below and having given:

- (i) not less than 30 nor more than 60 days' notice to the Senior Noteholders in accordance with Condition 12 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal Agent, both of which notices shall be irrevocable),

redeem all or some only of the Senior Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms and/or Pricing Term Sheet together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

All notices of redemption shall identify the Senior Notes to be redeemed (including CUSIP, Common Code and ISIN numbers), the date fixed for redemption, the redemption price, the manner in which redemption will be effected and, in the case of a partial redemption, the serial numbers (and principal amounts) of the Senior Notes to be redeemed.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not higher than the Maximum Redemption Amount, both as indicated (if at all) in the applicable Pricing Term Sheet and/or Final Terms. In the case of a partial redemption of Senior Notes, the Senior Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Senior Notes, and in accordance with the rules of DTC or, if applicable, Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands (to be reflected in the records of DTC or Euroclear and Clearstream, Luxembourg (as applicable) as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Certificate, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by definitive Senior Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Certificate will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (c) and notice to that effect shall be given by the Issuer to the Senior Noteholders in accordance with Condition 12 (*Notices*) at least 5 days prior to the Selection Date.

If Senior Notes are to be redeemed in part only on any date in accordance with this sub-paragraph (c), then:

- (i) if the Senior Notes are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, each Registered Note shall be redeemed in part in compliance with the requirements of the listing authority, stock exchange and/or quotation system on or by which the Registered Notes are so admitted to listing, trading and/or quotation; or
- (ii) if the Senior Notes are not admitted to listing trading and/or quotation on any listing authority, stock exchange and/or quotation system or if the relevant listing authority, stock exchange and/or quotation system has no requirement in that regard each Senior Note shall be redeemed in part in the proportion which the aggregate nominal amount of the outstanding Senior Notes to be redeemed on the date fixed for such redemption bears to the aggregate nominal amount of outstanding Senior Notes on such date.

**(d) Redemption of Senior Notes at the Option of the Senior Noteholders (Investor Put)**

If Investor Put is specified in the applicable Pricing Term Sheet and/or Final Terms, upon the holder of any Senior Note giving to the Issuer in accordance with Condition 12 (*Notices*) not less than 15 nor more than 30 days’ notice or such other period of notice as is specified in the applicable Final Terms and/or Pricing Term Sheet (which notice shall be irrevocable), the Issuer

will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms and/or Pricing Term Sheet, in whole (but not in part), such Senior Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Term Sheet and/or Final Terms.

To exercise the right to require redemption of this Senior Note its holder must, if this Senior Note is in definitive form and held outside DTC or, if applicable, Euroclear and Clearstream, Luxembourg, deliver at the specified office of the Registrar at any time during normal business hours of such Registrar falling within the notice period, a duly signed and completed Exercise Notice in the form (for the time being current) obtainable from any specified office of the Registrar (a “**Put Notice**”).

If this Senior Note is represented by a Global Certificate or is in definitive form and held through DTC or, if applicable, Euroclear or Clearstream, Luxembourg to exercise the right to require redemption of this Senior Note the holder of this Senior Note must, within the notice period, give notice to the Registrar of such exercise in accordance with the standard procedures of DTC or, if applicable, Euroclear and Clearstream, Luxembourg in a form acceptable to DTC, or if applicable, Euroclear and Clearstream, Luxembourg.

*(e) Early Redemption Amounts*

For the purpose of paragraphs (b), (c) and (d) above and Condition 9 (*Events of Default*), each Senior Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Senior Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Zero Coupon Note, at an amount (the “**Amortized Face Amount**”) equal to the product of:
  - (A) the Reference Price specified in the Final Terms and/or the Pricing Term Sheet; and
  - (B) the sum of the figure 1 and the Accrual Yield specified in the Final Terms and/or the Pricing Term Sheet, raised to the power of  $x$ , where “ $x$ ” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Senior Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Senior Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the applicable Final Terms and/or Pricing Term Sheet; and
  - (C) if the amount payable with respect to any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6(b) (*Redemption for Tax Reasons*) above or upon its becoming due and repayable as provided in Condition



9 (*Events of Default*) is not paid or available for payment when due, the amount due and repayable with respect to such Zero Coupon Note shall be the Amortized Face Amount of such Zero Coupon Note calculated as provided above as though the references in sub-paragraph (B) to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date (the “**Reference Date**”) which is the earlier of:

- (1) the date on which all amounts due with respect to the Senior Note have been paid; and
- (2) the date on which the full amount of the monies repayable has been received by the Agent and notice to that effect has been given in accordance with Condition 12 (*Notices*).

The calculation of the Amortized Face Amount in accordance with this sub-paragraph (C) will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the principal amount of such Senior Note together with interest at a rate per annum equal to the Accrual Yield.

Where any such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed; or

- (iii) in the case of a Senior Note with a Final Redemption Amount greater or lesser than the Issue Price, at either par or the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms or, if no such amount or manner is so specified in the Pricing Term Sheet and/or Final Terms, at their nominal amount.

**(f) Purchases**

The Issuer or any of its subsidiaries may at any time purchase Senior Notes at any price in the open market or otherwise. Such Senior Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

**(g) Cancellation**

All Senior Notes which are redeemed will forthwith be cancelled. All Senior Notes so cancelled and the Senior Notes purchased and cancelled pursuant to paragraph (f) above shall be forwarded to the Agent and cannot be re-issued or resold.

**7. Taxation**

All payments of principal and interest in respect of the Senior Notes by the Issuer will be made free and clear and without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the

Issuer will, depending on which provision is specified in the applicable Pricing Term Sheet and/or Final Terms, either:

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Senior Notes and shall not pay any additional amounts to the holders of the Senior Notes; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Senior Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Senior Notes as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Senior Note:
  - (i) presented for payment by or on behalf of a Senior Noteholder who is liable for such taxes or duties in respect of such Senior Note by reason of his having some connection with the Netherlands other than the mere holding of such Senior Note, or the receipt of principal or interest in respect thereof; or
  - (ii) presented for payment by or on behalf of a Senior Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
  - (iii) presented for payment by or on behalf of a Senior Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Senior Note, to another Paying Agent in a Member State of the European Union; or
  - (iv) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(b)(*Payment Day*)); or
  - (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

The Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA Withholding**") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA Withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, the paying agent or any other party.

As used herein, the “Relevant Date” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Senior Noteholders in accordance with Condition 12 (*Notices*).

## **8. Prescription**

The Senior Notes will become void unless claims in respect of principal and/or interest are made within a period of five years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefore.

## **9. Events of Default**

If any one or more of the following events (each an “**Event of Default**”) shall have occurred and be continuing:

- (i) default in the payment of principal when due unless otherwise specified in the Final Terms and/or Pricing Term Sheet; or
- (ii) default is made for more than 30 days in the payment of interest in respect of the Senior Notes of the relevant series; or
- (iii) the Issuer fails to perform or observe or comply with any of its other obligations under the Senior Notes and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iv) the Issuer is declared bankrupt, or a declaration in respect of the Issuer is made under article 3:163(1)(b) of the Wft; or
- (v) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Senior Notes,

then any Senior Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare the Senior Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 6(e) (*Early Redemption Amount*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

## **10. Replacement of Senior Notes**

Should any Senior Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Senior Notes must be surrendered before replacements will be issued.

## **11. Agent and Paying Agents**

The names of the initial Fiscal Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Senior Notes are listed on any stock exchange, there will at all times be a Paying Agent and a Registrar with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (iii) there will at all times be a Fiscal Agent and a Registrar; and
- (iv) save to the extent satisfied by (i) above or (ii) above, there will at all times be a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(a) (*Principal, Interest and Record Date*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Senior Noteholders in accordance with Condition 12 (*Notices*).

## **12. Notices**

Notices shall be given in accordance with any applicable rule or regulation or decree by a governmental body and the rules and customary procedures of the stock exchange specified in the applicable Final Terms and/or Pricing Term Sheet or applicable clearing system and need not be given by mail unless required by the rules of the stock exchange or applicable clearing system.

Notices given by any Registered Holder shall be in writing and given by lodging the same with the Registrar at its specified office.

## **13. Amendment and Waiver**

The Senior Notes Agency Agreement contains provisions for sanctioning by Senior Noteholder consent of a modification of the Senior Notes or certain provisions of the Senior Notes Agency Agreement. The Agent and the Issuer may agree, without the consent of the Senior Noteholders, to:

- (a) any modification of the Senior Notes Agency Agreement which is in the Issuer's opinion not materially prejudicial to the interests of the Senior Noteholders; or

- (b) any modification of the Senior Notes or the Senior Notes Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory and/or overriding provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any other amendment of the Senior Notes or the Senior Notes Agency Agreement may be made only with the consent of the Senior Noteholders. The Issuer and the Fiscal Agent, if applicable, may amend the Senior Notes or the Senior Notes Agency Agreement with the written consent of the Holders of at least a majority in principal amount of the Senior Notes then outstanding voting as a single class (including consent obtained in connection with a tender offer or exchange of the Senior Notes); provided however that without the consent of 100% of the then outstanding aggregate principal amount of the Senior Notes, no amendment may:

- (a) reduce the amount of Senior Notes whose holders must consent to an amendment;
- (b) reduce the rate of or extend the time for payment of interest on any Senior Note;
- (c) reduce the principal or extend the Stated Maturity Date or Redemption Month of any Senior Note;
- (d) reduce the premium or amount payable upon the redemption of any Senior Note or change the time at which any Senior Note may be redeemed in accordance with its terms;
- (e) make any Senior Note payable in currency other than that stated in such Senior Note;
- (f) expressly subordinate any Senior Note to any other indebtedness of the Issuer save as permitted in accordance with its terms;
- (g) impair the right of any Senior Noteholder to receive payment of principal, premium, if any, and interest on such Holder's Senior Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Senior Notes; or
- (h) make any amendment to the Events of Default as described in the Conditions.

Any such modification shall be binding on the Senior Noteholders and any such modification shall be notified to the Senior Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

#### **14. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Senior Noteholders to create and issue further Senior Notes having terms and conditions the same as the Senior Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Senior Notes.

#### **15. Substitution of the Issuer**

- (a) The Issuer may, with the consent of the Senior Noteholders which will be deemed to have been given in respect of each Tranche of Senior Notes on which no payment of principal

of or interest on any of the Senior Notes is in default, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the “**Substituted Debtor**”) as principal debtor in respect of the Senior Notes provided that:

- (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the “**Documents**”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favor of each Senior Noteholder to be bound by the Terms and Conditions of the Senior Notes and the provisions of the Senior Notes Agency Agreement as fully as if the Substituted Debtor had been named in the Senior Notes, and the Senior Notes Agency Agreement as the principal debtor in respect of the Senior Notes in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the “**Guarantee**”) in favor of each Senior Noteholder the payment of all sums (including any additional amounts payable pursuant to Condition 7 (*Taxation*)) payable in respect of the Senior Notes;
- (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Senior Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 7 (*Taxation*) with the substitution for the references to the Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to jointly and severally indemnify and hold harmless each Senior Noteholder against all liabilities, costs, charges and expenses, provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Senior Noteholder by any political sub-division or taxing authority of any country in which such Senior Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
- (iii) the Substituted Debtor and the Issuer shall have obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and the Documents shall contain a representation by the Substituted Debtor and the Issuer that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Senior Noteholder;
- (iv) each stock exchange which has Senior Notes listed thereon or the relevant competent authority relating thereto shall have confirmed that following the

proposed substitution of the Substituted Debtor such Senior Notes would continue to be listed on such stock exchange;

- (v) the Substituted Debtor shall have delivered to the Fiscal Agent or procured the delivery to the Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Senior Noteholders at the specified office of the Fiscal Agent;
  - (vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Senior Noteholders at the specified office of the Fiscal Agent; and
  - (vii) the Substituted Debtor shall have appointed an agent for the service of process in accordance with Condition 16(b) (*Jurisdiction*).
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Senior Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Senior Noteholder, except as provided in Condition 15(a)(ii) above, shall be entitled to claim from the Issuer or any Substituted Debtor under the Senior Notes any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notice as referred to in paragraph (e) below having been given, the Substituted Debtor shall be deemed to be named in the Senior Notes as the principal debtor in place of the Issuer and the Senior Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Senior Notes save that any claims under the Senior Notes prior to release shall ensure for the benefit of Senior Noteholders.
- (d) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Senior Notes remain outstanding and for so long as any claim made against the Substituted Debtor by any Senior Noteholder in relation to the Senior Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Senior Noteholder to the production of the Documents for the enforcement of any of the Senior Notes or the Documents.

- (e) Prior to, to the extent reasonably practicable but in any event no later than, 15 Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Senior Noteholders in accordance with Condition 12 (*Notices*).

## **16. Governing Law and Jurisdiction**

### **(a) *Governing Law***

The Senior Notes and the Senior Notes Agency Agreement shall be governed by and construed and interpreted in accordance with the law of the State of New York, except that the ranking of the Senior Notes shall be construed and interpreted in accordance with the laws of the Netherlands.

### **(b) *Jurisdiction***

The Issuer irrevocably consents and agrees for the benefit of the holders of the Senior Notes that any legal action, suit or proceeding against it with respect to its obligations, liabilities or any other matter arising out of or in connection with the Senior Notes or any related additional agreement may be brought in the courts of the State of New York or the courts of the United States of America located in the County of New York and hereby irrevocably consents and submits to the non-exclusive jurisdiction of each such court in person, generally and unconditionally with respect to any action, suit or proceeding for itself and in respect of its properties, assets and revenues. The Issuer hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Senior Notes.

The Issuer hereby irrevocably designates, appoints and empowers the New York Representative Office of ABN AMRO Bank N.V. at 565 Fifth Avenue, 25th Floor, New York, NY 10017, United States of America, as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and its properties, assets and revenues, service of any and all legal process, summons, notices and documents that may be served in any action, suit or proceeding brought against it in any such United States or state court located in the County of New York, with respect to its obligations, liabilities or any other matter arising out of or in connection with the Senior Notes or any related additional agreement and that may be made on such designee, appointee and agent in accordance with legal procedures prescribed for such courts. If for any reason such designee, appointee and agent hereunder shall cease to be available to act as such, the Issuer agrees to designate a new designee, appointee and agent in the County of New York on the terms and for the purposes of this Condition 16(b) satisfactory to the Fiscal Agent. The Issuer further hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents in any such action, suit or proceeding against it by serving a copy thereof upon the relevant agent for service of process referred to in this Condition 16(b) (whether or not the appointment of such agent shall for any reason prove to be ineffective or such agent shall accept or acknowledge such service) or by mailing copies thereof by registered or certified air mail, postage prepaid, to it at its registered address. The Issuer agrees that the failure of any such designee, appointee and agent to give any notice of such service to it shall not impair or affect in any way the validity of such service or any judgment rendered in any action or proceeding based thereon. Nothing herein shall in any way be deemed to limit the ability of the Senior Noteholders to service any such legal process, summons, notices and documents in any other manner permitted by applicable law or to obtain jurisdiction over the Issuer or bring actions, suits or proceedings against them in such other jurisdictions, and in such manner, as may



be permitted by applicable law. The Issuer hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with the Senior Notes or any related additional agreement brought in the United States federal courts located in the County of New York or the courts of the State of New York located in the County of New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

## FORM OF SUBORDINATED NOTES FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Subordinated Notes issued under the Program with a minimum denomination at least US\$200,000 (or its equivalent in another currency) but so that in no event the minimum denomination will be lower than EUR 100,000.*

**ABN AMRO Bank N.V.**

*(incorporated in The Netherlands with its statutory seat in Amsterdam and registered in the Commercial Register of the Amsterdam Chamber of Commerce under number 34334259)*

**Issue of [Aggregate [Principal][Nominal] Amount of Tranche] [Title of Subordinated Notes]  
(the “Notes”)**

**under the Program for the issuance of Medium Term Notes**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC), as amended (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Subordinated Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorized, nor do they authorize, the making of any offer of Subordinated Notes in any other circumstances.

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the base prospectus dated 21 May 2013 [as supplemented by a supplement dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”). This document constitutes the Final Terms of the Subordinated Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Subordinated Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [<http://www.abnamro.com/ir/debtinvestors>]. Any information contained in or accessible through any website, including [<http://www.abnamro.com/ir/debtinvestors>], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus or Prospectus with an earlier date. In the event the Base Prospectus or Prospectus with an earlier date was not approved for the purpose of the Prospectus Directive, the Issuer shall publish a supplement to the current Base Prospectus in respect of this increase and such supplement shall be approved by the relevant listing or other competent authority prior to publication.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the base prospectus dated 21 May 2013. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus dated 21 May 2013 [as supplemented by a supplement dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”), save in respect of the Conditions which are extracted from the base prospectus dated 21 May 2013 and are attached hereto. Full information on the Issuer and the offer of the securities is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 21 May 2013, save for the conditions therein, which are replaced by the Conditions and attached hereto. Copies of such documents are available for viewing at [<http://www.abnamro.com/ir/debtinvestors>] and during normal business hours at the registered office of the Issuer, currently at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and copies may be obtained from the Issuer at that address.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]*

1. Issuer: ABN AMRO Bank N.V.
2. (i) Series Number: [●]
- (ii) Tranche Number: [●]
- (iii) Date on which the Notes become fungible: [Not Applicable/The Notes will be consolidated, form a single series and be interchangeable for trading purposes with the *[insert description of the Series]* on *[insert date/the Issue Date/ [which is expected to occur on or about [insert date] (40 days after the Issue Date of the new Notes)]*.]
3. Specified Currency or Currencies [●]
4. Aggregate [Principal][Nominal] Amount:
  - (i) Series: [●]
  - (ii) Tranche: [●]
5. Issue Price of Tranche: [●]% of the Aggregate [Principal][Nominal] Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
6. (a) Specified Denominations: [●]
 

[[“EUR100,000] or equivalent and integral multiples of [EUR1,000] or equivalent in excess thereof up to and including [EUR199,000] or

equivalent. No Notes in definitive form will be issued with a denomination above [EUR199,000] or equivalent.”]

[“144A Global Certificates denominated in US dollars: US\$200,000 and integral multiples of US\$1,000 in excess thereof.”]

(b) Calculation Amount

*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor.)*

7. (i) Issue Date

[●]

(ii) Interest Commencement Date:

[Issue Date/Not Applicable/[●]]

8. Maturity Date [or Redemption Month]:

[●]

*(Specify Dates or (for Floating Rate) Interest Payment Date falling in or nearest to [specify month and year]. Redemption Month should only be used where the term of the Notes is an even number of years from the Issuer Date.)*

9. Interest Basis:

[[●]% Fixed Rate]

[+/- [●]% Floating Rate] *(specify particular interest basis)*

[CD Rate]

[CMT Rate]

[Federal Funds Rate]

[Eleventh District Cost of Funds Rate]

[Prime Rate]

[Treasury Rate]

[Commercial Paper Rate]

[[●] Month EURIBOR]

[[●] Month LIBOR]

*(further particulars specified in paragraph[s] [15][16] below)*

10. Redemption/Payment Basis:

[Redemption at par]

[Redemption at [●]% of [Principal Amount][Notional Amount]]

11. Change of Interest Basis:

[Applicable/Not Applicable]

*[Specify the date when any fixed to floating rate change occurs or refer to paragraphs 15 and 16 below and identify there]*

12. Call Options: [Not Applicable]  
[Issuer Call]  
[Regulatory Call]  
[(further particulars specified below)]

13. Status of the Notes: Subordinated Notes

14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Rate(s) of Interest: [●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date]

(ii) Fixed Interest Period: [●]

(iii) Interest Payment Date(s): [●] in each year, up to and including the Maturity Date

*(NB: This will need to be amended in the case of long or short coupons)*

(iv) First Interest Payment Date: [●]

(v) Fixed Coupon Amount(s): [Not Applicable]  
[[●] per Note of Calculation Amount][(For the avoidance of doubt, the amount of interest payable on the Interest Payment Date shall be the Fixed Coupon Amount or any Broken Amount, if applicable)].

(vi) Initial/Final Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]

(vii) Day Count Fraction: [30/360]  
[30E/360]  
[Actual/Actual (ICMA)]  
[Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30E/360 (ISDA)]

(viii) Determination Date(s): [●] in each year

*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*

*NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration*

*NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*

(ix) Additional Business  
Center(s):

[None/[•]]

**16. Floating Rate Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Interest Period(s):

[•]

(ii) Interest Commencement  
Date:

[•]

(iii) Interest Determination  
Date(s):

[•]

*(Second London Banking Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period of Sterling LIBOR and the second day which is also a TARGET2 Day prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

(iv) First Interest Payment Date:

[•]

(v) Specified Interest Payment  
Dates:

[[•] in each year, subject to adjustment in accordance with the Business Day Convention set out in (vi) below]

(vi) Business Day Convention:

[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/None]

(vii) Unadjusted

[No/Yes/Not applicable]

*(Only applicable in case a Business Day Convention applies. Insert "No" if the amount of interest payable in respect of the relevant Interest*

*Period should also be adjusted in accordance with the applicable Business Day Convention. Insert "Yes" if the amount of interest should be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the applicable Business Day Convention.)*

(viii) Additional Business Center(s):

[•]

(ix) Manner in which the Rate of Interest and Interest Amounts is to be determined:

[Reference Rate Determination/ISDA Determination]

(x) Party responsible for calculating the Rate of Interest and Interest Amounts (if not the Calculation Agent):

[•]

(xi) Reference Rate Determination:

[Yes/No]

*(If "No", delete the remaining sub-paragraphs of this paragraph)*

- Initial Interest Rate:

[•]

- Index Maturity:

[•]

- Interest Basis or Bases:

[CD Rate]  
[CMT Rate]  
[Commercial Paper Rate]  
[Eleventh District Cost of Funds Rate]  
[EURIBOR]  
[Federal Funds Rate]  
[LIBOR]  
[Prime Rate]  
[Treasury Rate]

- Index Currency:

[•]

- Spread:

[+/-][•]% per annum

- Spread Multiplier:

[•]

- Relevant Screen Page:

[Condition 4(b)(ii)(B)][(1)][(2)]

[(3)][(4)][(5)][(6)][(7)][(8)][(9)] applies/[●]

- Interest Determination  
Date(s): [●]

- Initial Interest Reset Date: [●]

- Initial Reset Period: [●]

- Initial Reset Dates: [●]

(xii) ISDA Determination: [Yes/No]

*(If "No", delete the remaining sub-paragraphs of  
this paragraph)*

- Floating Rate Option: [●]

- Designated Maturity: [●]

- Reset Date: [●]

[- ISDA Definitions: [2000/2006]]

(xiii) Margin(s): [+/-] [●]% per annum

(xiv) Minimum Rate of Interest: [●]% per annum

(xv) Maximum Rate of Interest: [●]% per annum

(xvi) Day Count Fraction: [Actual/Actual (ISDA)]  
[Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360]  
[360/360]  
[30E/360]  
[30E/360 (ISDA)]

(xvii) Reference Bank(s) or  
Dealer(s) (if any): [Not Applicable/[●]]

## **PROVISIONS RELATING TO REDEMPTION**

17. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining  
subparagraphs of this paragraph)*

(i) Optional Redemption [●]



Date(s):

- (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
- (iii) Party responsible for calculating Optional Redemption Amount (if not the Fiscal Agent, Calculation Agent or Exchange Rate Agent): [●]
- (iv) If redeemable in part:
  - (a) Minimum Redemption Amount: [●]
  - (b) Maximum Redemption Amount: [●]
- (v) Notice period (if other than as set out in the Conditions): [●] days
- 18. Final Redemption Amount of each Note: [[●] per Calculation Amount]
  - (i) Payment date (if other than as set out in the Conditions): [Not Applicable/[●]]
- 19. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or upon an event of default or other early redemption (if required or different from that set out in Condition 6(e): [●] per Calculation Amount
- 20. Regulatory Call of Subordinated Notes: [Applicable/Not Applicable]
- 21. Variation or Substitution of Subordinated Notes: [Applicable/Not Applicable]

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 22. Form of Notes:
  - (a) Form: Registered  
[DTC Regulation S Global Certificate registered]

in the name of, or nominee of, DTC]

[Regulation S Global Certificate registered in the name of, or the name of a nominee of, [a common depository for Euroclear and Clearstream, Luxembourg/a Common Safekeeper for Euroclear and Clearstream, Luxembourg]]

[Rule 144A Global Certificate registered in the name of, or the name of a nominee of, DTC]

23. New Safekeeping Procedures: [Yes/No]

24. Additional Financial Center(s): [Not Applicable/[●]]

25. [For the purposes of Condition 12, notices to be published in the Financial Times:]  
[Yes/No]

26. Whether Condition 7(a) of the Notes applies (in which case Condition 6(b) of the Notes will not apply) or whether Condition 7(b) and Condition 6(b) of the Notes apply: [Condition 7(a) applies and Condition 6(b) does not apply/Condition 7(b) and Condition 6(b) apply]

## DISTRIBUTION

27. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/[●]]

*[(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)]*

(ii) Date of Pricing Term Sheet [●]

(iii) Stabilizing Manager(s) (if any): [Not Applicable/[●]]

28. If non-syndicated, name and address of relevant Manager: [Not Applicable/[●]]

29. Eligibility: [Rule 144A only/Reg S only/Rule 144A and Reg S]
30. US Selling Restrictions: [144A/Reg S]

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[Relevant third party information] relating to paragraph [•] above, which has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of ABN AMRO Bank N.V.:

By: \_\_\_\_\_  
Duly authorized

By: \_\_\_\_\_  
Duly authorized

## PART B – OTHER INFORMATION

31. **LISTING AND ADMISSION TO TRADING** [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext in Amsterdam/specify relevant regulated market and, if relevant, admission to an official list]] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext in Amsterdam/specify relevant regulated market and, if relevant, admission to an official list] with effect from [●].] [Not Applicable.]
- (i) Admission to Trading:
- (ii) Estimate of total expenses related to admission to trading: [●]

32. **RATINGS**

Ratings: [[The Notes to be issued [have been/are expected to be] rated:]/[The following ratings reflecting ratings assigned to Notes of this type issued under the Programme generally:]]

[S & P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

*[Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and [has]/[have each] applied for registration under Regulation (EC) No 1060/2009 (the "CRA Regulation), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority]]. [[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation.) [[Insert full legal name of credit rating agency/ies] [is]/[are] not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation") and the*

*rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").]*

*(The above disclosure should reflect the rating allocated to Notes of the type issued under the Program generally or, where the issue has been specifically rated, that rating.)*

(A rating does not constitute a recommendation to purchase, sell or hold a particular Note.)

33. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Agents], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

The Agents and their respective affiliates are full service financial institutions and they may provide or may have in the past provided services to the Issuer in that capacity, and they may hold or make investment recommendations relating to securities or instruments of the Issuer. See “*Plan of Distribution*”.

34. **YIELD** (*Fixed Rate Notes only*)

Indication of yield: [●]

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

35. **OPERATIONAL INFORMATION**

- |                 |   |
|-----------------|---|
| (i) CUSIP:      | <i>Rule 144A:</i> [●]<br><i>[Regulation S:</i> [●]] |
| (ii) ISIN Code: | <i>Rule 144A:</i> [●]<br><i>Regulation S:</i> [●]   |

- (iii) Common Code: *Rule 144A:* [●]  
*Regulation S:* [●]
- (iv) Any clearing system(s) other than DTC or Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and numbers(s)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of additional Paying Agent(s) (if any): [●]
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]
- [Note that the designation “yes” does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met]
- The Notes will be deposited initially upon issue with [one of the ICSDs acting as common safekeeper/[a non-ICSD] common safekeeper.]  
*[Include this text if "yes" selected, in which case the Global Certificate governing such Notes must be held under the New Safekeeping Structure]*

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following are the Terms and Conditions of Subordinated Notes to be issued by the Issuer (each, a “**Condition**”) which will be incorporated by reference into each Global Certificate and the definitive Notes (if any) representing the Subordinated Notes. The applicable Pricing Term Sheet and/or Final Terms in relation to any Tranche of Subordinated Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Subordinated Notes. The applicable Pricing Term Sheet and/or Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Certificate and definitive Note representing the Subordinated Notes. Reference should be made to “Book Entry, Delivery, Form and Settlement” above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Subordinated Note is one of a series of Subordinated Notes issued by ABN AMRO Bank N.V. (in such capacity, the “**Issuer**”, which expression shall include any substituted debtor or transferee pursuant to Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*) or Condition 15 (*Substitution of the Issuer*) (if applicable) pursuant to the Subordinated Notes Agency Agreement (as defined below). References herein to the “**Subordinated Notes**” shall be references to the Subordinated Notes of this Series (as defined below) and shall mean (i) in relation to any Subordinated Notes represented by a Global Certificate, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Subordinated Notes issued in exchange for a Global Certificate and (iii) any Global Certificate. The Subordinated Notes will be issued in accordance with a Subordinated Notes Agency Agreement dated as of 21 May 2013 (as supplemented, amended and/or replaced from time to time, the “**Subordinated Notes Agency Agreement**”), among the Issuer, The Bank of New York Mellon, London Branch, as Fiscal Agent and transfer agent (the “**Transfer Agent**”), The Bank of New York Mellon, New York as US registrar (the “**US Registrar**”) and US paying agent (the “**US Paying Agent**”), The Bank of New York Mellon (Luxembourg) S.A. as European paying agent (the “**European Paying Agent**”, and together with the US Paying Agent, the “**Paying Agents**,” and each individually, a “**Paying Agent**”) and European registrar (the “**European Registrar**” and, together with the US Registrar, the “**Registrars**” and, each, a “**Registrar**”). The terms US Registrar, US Paying Agent, European Paying Agent, Transfer Agent, and European Registrar shall include any additional or successor agents appointed in such capacities by the Issuer. The Subordinated Notes Agency Agreement permits the appointment of other agents, including one or more calculation agents (each, a “**Calculation Agent**”) and a currency exchange agent (the “**Exchange Rate Agent**”). Unless otherwise indicated in an applicable Pricing Term Sheet and/or Final Terms, The Bank of New York Mellon will act as Calculation Agent and as Exchange Rate Agent with respect to the Subordinated Notes. Because the Subordinated Notes will not be issued pursuant to an indenture, each Subordinated Noteholder will be responsible for acting independently with respect to certain matters affecting such holder’s Subordinated Notes, including enforcing any covenants contained therein and in connection with the Subordinated Notes, and responding to any requests for consents or waivers. The term “**Registered Note**” means a Subordinated Note in registered form.

Any reference herein to “**Subordinated Noteholders**” shall mean the several persons who are for the time being holders of outstanding Subordinated Notes (being, the registered owners thereof as reflected in the relevant Registers), except that for so long as any of the Subordinated Notes are represented by a Global Certificate, each person who is for the time being shown in the records of DTC and/or Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal



amount of such Subordinated Notes (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) (in which regard any certificate or other document issued by DTC and/or Euroclear and Clearstream, Luxembourg as to the principal amount of such Subordinated Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by ABN AMRO Bank N.V. and the Fiscal Agent as a holder of such principal amount of such Subordinated Notes for all purposes other than for the payment of principal, premium (if any) and interest on such Subordinated Notes, the right to which shall be vested, as against ABN AMRO Bank N.V. and the Fiscal Agent, solely in the person in whose name the Global Certificate is registered in accordance with and subject to its terms (and the expressions “**Holder**”, “**Holder of Subordinated Notes**” and related expressions shall be construed accordingly);

The Final Terms for this Subordinated Note is endorsed hereon or attached hereto and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Subordinated Note. References herein to the “**applicable Final Terms**” are to the Final Terms for this Subordinated Note. References herein to the “**applicable Pricing Term Sheet**” are to the Pricing Term Sheet for this Subordinated Note.

As used herein, “**Tranche**” means Subordinated Notes which are identical in all respects (including as to listing) and “**Series**” means a Tranche of Subordinated Notes together with any further Tranche or Tranches of Subordinated Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing and admission to trading) from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Subordinated Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet are available for viewing at the specified offices of each of the Fiscal Agent, the Registrars and the other Paying Agents and at the registered offices of the Issuer and copies may be obtained from those offices. The Subordinated Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Subordinated Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet which are binding on them.

Words and expressions defined in the Subordinated Notes Agency Agreement or used in the applicable Final Terms and/or Pricing Term Sheet shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

## **1. Form, Denomination and Title**

The Subordinated Notes are issued in registered form without interest coupons attached and, in the case of definitive Subordinated Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the specified Form(s).

This Subordinated Note may be a Fixed Rate Note, a Floating Rate Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms and/or Pricing Term Sheet.

The Subordinated Notes are represented by one or more global registered note certificates (each, a **“Global Certificate”**) without receipts, interest coupons or talons. A Global Certificate will be issued to each person in whose name a Global Certificate is for the time being registered in the Register (as defined in this Condition 1), or, in the case of a joint holding, the first named thereof (the **“Registered Holder”**), in respect of its holding. The serial number of each Global Certificate will be recorded in the Register. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the US Registrar or European Registrar (as the case may be) in accordance with the provisions of the Subordinated Notes Agency Agreement (the **“Register”**). Except as ordered by a court of competent jurisdiction, a competent regulatory authority or as required by law or applicable regulations, the Issuer, the Fiscal Agent, the Registrar, any Paying Agent and any Transfer Agent may deem and treat the Registered Holder of any Subordinated Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as DTC, Euroclear, or Clearstream, Luxembourg, as the case may be, or its nominee is the Registered Holder of a Global Certificate, such holder shall (except as otherwise provided by applicable law or regulatory requirements) be treated by the Issuer, the Fiscal Agent, any Paying Agent, the Registrar and any Transfer Agent as the absolute owner of such principal amount of such Subordinated Notes for all purposes and no person shall be liable for so treating such Registered Holder. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms and/or Pricing Term Sheet.

The Subordinated Notes are in the minimum denomination specified in the Final Terms and/or Pricing Term Sheet or integral multiples thereof.

## **2. Transfers and Exchange of Subordinated Notes**

### **(a) Transfers Generally**

Ownership of beneficial interests in Global Certificates will be evidenced only by, and transfers thereof will be effected only through, records maintained by the relevant clearing system through which such beneficial interests are held and such clearing system's direct and indirect participants. Owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of definitive Subordinated Notes except in certain limited circumstances, including closure of the relevant clearing system(s). Any registered interests in a Global Certificate (i) may, upon the terms and subject to the conditions set forth in the Subordinated Notes Agency Agreement, be transferred by the Registered Holder in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms and/or Pricing Term Sheet) upon the surrender of the Subordinated Notes to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Subordinated Note will be issued to the transferee and, in the case of a transfer of part only of a Subordinated Note, a new Subordinated Note in respect of the balance not transferred will be issued to the transferor and (ii) will be transferable only in accordance with the rules and procedures for the time being as in effect from time to time of DTC, Euroclear and/or Clearstream, Luxembourg or such other applicable clearing system as the case may be.

**(b) *Exchange and Transfer of Definitive Subordinated Notes***

**(i) *Exchange for Definitive Subordinated Notes***

Unless otherwise provided in the applicable Pricing Term Sheet and/or Final Terms, beneficial interests in a Global Certificate will be exchangeable by the Issuer in whole but not in part only at the option of the Registered Holder for definitive Subordinated Notes, only if such exchange is permitted by applicable law and (i) in the case of a DTC Global Certificate, DTC notifies the Issuer that it is unwilling or unable to continue as depository for the DTC Global Certificate or DTC ceases to be a clearing agency registered under the Exchange Act, if so required by applicable law or regulation, and, in either case, a successor depository is not appointed by the Issuer within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, (ii) in the case of any other Global Certificate, if the clearing system(s) through which it is cleared and settled is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to cease business permanently or does in fact do so and a successor or successors is or are not appointed by the Issuer within 90 days from the commencement of such closure, announcement or cessation of business, or (iii) upon an Event of Default as described in Condition 9 (*Events of Default*).

**(ii) *Transfers of Definitive Subordinated Notes***

Subject to paragraphs (iii), (iv) and (v) below, a definitive Subordinated Note may be transferred upon surrender of the definitive Subordinated Note, with the endorsed form of transfer duly completed (or another form of transfer in substantially the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), at the specified office of the Relevant Registrar or any Paying Agent, together with such evidence as the Relevant Registrar or (as the case may be) such Paying Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the definitive Subordinated Notes represented by the surrendered definitive Subordinated Notes are the subject of the transfer, a new definitive Subordinated Note in respect of the balance of the definitive Subordinated Notes will be issued to the transferor.

**(iii) *Registration and delivery of Definitive Subordinated Notes***

Within five business days of the surrender of a definitive Subordinated Note and receipt of the form of transfer or duly signed and completed notice of exercise (an “**Exercise Notice**”) in accordance with paragraph (ii) above, the Relevant Registrar will register the transfer in question and deliver a new definitive Subordinated Note of a like principal amount to the definitive Subordinated Notes transferred to each transferee at its specified office or (as the case may be) the specified office of any Paying Agent or (at the request and risk of any such relevant transferee) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such transferee. In this paragraph, “Business Day” means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Relevant Registrar or (as the case may be) the relevant Transfer Agent has its specified office. Title to such definitive Subordinated Note passes by registration as evidenced by entries in the applicable Register.

(iv) *No charge*

The transfer of a definitive Subordinated Note will be effected without charge by or on behalf of the Issuer, the Relevant Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other governmental charges of whatsoever nature which may be levied or imposed in connection with such transfer.

(v) *Closed periods*

Neither transferors nor transferees may require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(vi) *Regulations concerning transfers and registration*

All transfers of definitive Subordinated Notes and entries on the Register are subject to the detailed regulations concerning the transfer of definitive Subordinated Notes scheduled to the Subordinated Notes Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Relevant Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

(c) ***Exchange Between Regulation S Global Certificates and Rule 144A Global Certificates***

Beneficial interests in a Regulation S Global Certificate may be transferred to a person who wishes to hold a beneficial interest in a Rule 144A Global Certificate only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor (in the form set out in the Subordinated Notes Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Beneficial interests in a Rule 144A Global Certificate may also be transferred to a person who wishes to hold a beneficial interest through a Regulation S Global Certificate, but only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or with Rule 144A (if available) under the Securities Act.

Any beneficial interest in either a Rule 144A Global Certificate or a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Certificate will, upon transfer, cease to be a beneficial interest in such Global Certificate and become a beneficial interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Certificate.

### 3. Status and Terms relating to Subordinated Notes

Subordinated Notes constitute unsecured subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer (other than those subordinated obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank lower than the Subordinated Notes), save for those preferred by mandatory and/or overriding provisions of law (“**Senior Indebtedness**”).

The claims of the holders of Subordinated Notes against the Issuer are:

- (i) in the event of any liquidation or bankruptcy of the Issuer; or
- (ii) in the event that a competent court has declared that the Issuer is in a situation which requires special measures (*noodregeling*) in the interests of all creditors, as referred to in Chapter 3.5.5 of the Dutch Act on financial supervision (*Wet op het financieel toezicht*, the “*Wft*”), and for so long as such situation is in force (such situation being hereinafter referred to as a “**Moratorium**”),

subordinated to (a) the claims of depositors (other than those whose deposits are expressed to rank equally to or lower than the Subordinated Notes) (b) all unsubordinated claims with respect to the repayment of borrowed money and (c) any other unsubordinated claims (collectively, “**Senior Claims**”).

By virtue of such subordination, payments to a Subordinated Noteholder will, in the event of any liquidation or bankruptcy of the Issuer or in the event of a Moratorium, with respect to the Issuer, only be made after, and any set-off by a Subordinated Noteholder shall be excluded until, all obligations of the Issuer resulting from Senior Claims have been satisfied.

The Subordinated Notes of this Series may qualify as tier 2 capital (“**Tier 2 Notes**”) for the purposes of the regulatory capital rules applicable to the Issuer from time to time

### 4. Interest

Subordinated Notes shall be interest-bearing. Interest-bearing Subordinated Notes shall be Fixed Rate Notes or Floating Rate Notes, as specified in the Final Terms and/or Pricing Term Sheet.

#### (a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date, subject in any case as provided in Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*).

As used in the Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

The amount of interest payable in respect of each Subordinated Note for any Fixed Interest Period shall be the relevant Fixed Coupon Amount (or, in respect of the Fixed Interest Period beginning

on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the Final Terms) and, if the Subordinated Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

If interest is required to be calculated for a period other than a Fixed Interest Period or no Fixed Coupon Amount is specified in the applicable Pricing Term Sheet and/or Final Terms, such interest shall be calculated by applying the Rate of Interest to the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Certificate and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Pricing Term Sheet and/or Final Terms:
  - (a) in the case of Subordinated Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; or
  - (b) in the case of Subordinated Notes where the Accrual Period is longer than the Determination Period, the sum of:
    - (1) the actual number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (ii) if “30/360” is specified in the applicable Pricing Term Sheet and/or Final Terms, the number of days in the Determination Period in respect of which payment is being made divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Accrual Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; and

- (iii) if “Actual/Actual (ISDA)” is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 365 (or, if any portion of that Fixed Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Interest Period falling in a non-leap year divided by 365); and
- (iv) if “Actual/365 (Fixed)” is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 365; and
- (v) if “Actual/360” is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 360; and
- (vi) if “30E/360” is specified in the applicable Pricing Term Sheet and/or Final Terms, the number of days in the Fixed Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Fixed Interest Period unless, in the case of a Fixed Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).
- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Fixed Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Fixed Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Fixed Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Fixed Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Fixed Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Fixed Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Fixed Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

In these Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and with respect to Euro, means one cent.

**(b) Interest on Floating Rate Notes**

**(i) Interest Payment Dates**

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Term Sheet and/or Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Term Sheet and/or Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls on the number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date, subject in any case as provided in Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*).

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an



Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Term Sheet and/or Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such First Interest Payment Date or Specified Interest Payment Date, as the case may be (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or Final Terms after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

If a Business Day Convention is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days for calculating the amount of interest payable in respect of the relevant Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms and/or Pricing Term Sheet, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms and/or Pricing Term Sheet.

In this Condition, "**Business Day**" means, unless otherwise specified in the applicable Final Terms and/or Pricing Term Sheet, a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business

Center specified in the applicable Pricing Term Sheet and/or Final Terms; and

- (B) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than London and any Additional Business Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System (or any successor thereto) is open “**TARGET2 Day**”. In these Conditions, “**TARGET2 System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms on the following basis:

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Pricing Term Sheet and/or Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the sum of the relevant ISDA Rate and the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Subordinated Notes (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms and/or Pricing Term Sheet;
- (2) the Designated Maturity is the period specified in the applicable Final Terms and/or Pricing Term Sheet; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) for a currency or on the Euro-zone inter-bank offered rate (“**EURIBOR**”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Term Sheet and/or Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 4(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Reference Rate Determination

The rate of Interest on Floating Rate Notes will be determined by reference to the applicable Interest Basis, which may, as described below, include:

- (1) the CD Rate;
- (2) the CMT Rate;
- (3) the Commercial Paper Rate;
- (4) the Eleventh District Cost of Funds Rate;
- (5) EURIBOR;
- (6) the Federal Funds Rate;
- (7) LIBOR;
- (8) the Prime Rate; or
- (9) the Treasury Rate

as specified in the applicable Pricing Term Sheet and/or Final Terms.

The Calculation Agent shall determine each Interest Basis in accordance with the following provisions:

(1) *CD Rate*

If “CD Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the interest rate (calculated with reference to the CD Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**CD Rate**” means, with respect to any

Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CD Rate (a “CD Rate Interest Determination Date”), the rate on such date for negotiable US dollar certificates of deposit having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) (as defined below) opposite the caption “CDs (secondary market)” or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such CD Rate Interest Determination Date for negotiable US dollar certificates of deposit of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update (as defined below), or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption “CDs (secondary market)”. If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable US dollar certificates of deposit in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for negotiable US dollar certificates of deposit of major United States money banks with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, in an amount that is representative for a single transaction in that market at that time; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined as of such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

“**H.15(519)**” means the weekly statistical release published by the Board of Governors of the Federal Reserve System and available on their website at [www.federalreserve.gov/releases/h15/update/h15upd.htm](http://www.federalreserve.gov/releases/h15/update/h15upd.htm), or any successor site or publication.

“**H.15 Daily Update**” means the daily update of H.15(519), published by the Board of Governors of the Federal Reserve System and available on their website at [www.federalreserve.gov/releases/h15/update/h15upd.htm](http://www.federalreserve.gov/releases/h15/update/h15upd.htm), or any successor site or publication.

(2) *CMT Rate*

If “CMT Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the CMT Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**CMT Rate**” means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CMT Rate (a “**CMT Rate Interest Determination Date**”),

- (i) if “Reuters Page FRBCMT” (as defined below) is specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:
  - (a) the percentage equal to the yield for United States Treasury securities at “constant maturity” having the Designated CMT Maturity Index specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption “Treasury constant maturities”, as the yield is displayed on Reuters (or any successor service) (“Reuters”) on page FRBCMT (or any other page as may replace such page on such service) (“Reuters Page FRBCMT”), on the particular CMT Rate Interest Determination Date, or
  - (b) if the rate referred to in clause (a) does not so appear on the Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at “constant maturity” having the particular Designated CMT Maturity Index and for the particular CMT Rate Interest Determination Date as published in H.15(519) opposite the caption “Treasury constant maturities”, or
  - (c) if the rate referred to in clause (b) does not so appear in H.15(519), the rate on the particular CMT Rate Interest Determination Date for the period of the particular Designated CMT Maturity Index as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519), or
  - (d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination

Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York (which may include the Agents or their affiliates) (each, a “**Reference Dealer**”), selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or

- (e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or
- (f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or
- (g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the

particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or

- (h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on the particular CMT Rate Interest Determination Date, or
  - (i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated CMT Maturity Index, the quotes for the Treasury security with the shorter original term to maturity will be used.
- (ii) if “Reuters Page FEDCMT” (as defined below) is specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:
- (a) the percentage equal to the one week or one month, as specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, average yield for United States Treasury securities at “constant maturity” having the Designated CMT Maturity Index, as published in H.15(519) opposite the caption “Treasury constant maturities”, as the yield is displayed on Reuters on page FEDCMT (or any other page as may replace such page on such service) (“**Reuters Page FEDCMT**”), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls, or
  - (b) if the rate referred to in clause (a) does not so appear on the Reuters Page FEDCMT, the percentage equal to the one week or one month, as applicable, average yield for United States Treasury securities at “constant maturity” having the particular Designated CMT Maturity Index for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as published in H.15(519) opposite the caption “Treasury constant maturities,” or
  - (c) if the rate referred to in clause (b) does not so appear in H.15(519), the one week or one month, as applicable, average yield for United States Treasury securities at “constant maturity” having the particular Designated CMT Maturity Index as otherwise announced by the

Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls, or

- (d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or
- (e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or
- (f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to that Designated CMT Maturity Index and in a principal



amount that is representative for a single transaction in the securities in that market at the time, or

- (g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or
- (h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that CMT Rate Interest Determination Date, or
- (i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated CMT Maturity Index, the quotes for the United States Treasury security with the shorter original term to maturity will be used.

**“Designated CMT Maturity Index”** means the original period to maturity of the US Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the Pricing Term Sheet and/or Final Terms, as the case may be, with respect to which the CMT Rate will be calculated.

(3) *Commercial Paper Rate*

If the “Commercial Paper Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Commercial Paper Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, **“Commercial Paper Rate”** means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Commercial Paper Rate (a “Commercial Paper Rate Interest Determination Date”), the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption “Commercial Paper—Nonfinancial” or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Money Market Yield on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update, or such other recognized electronic source used

for the purpose of displaying such rate, under the caption “Commercial Paper—Nonfinancial”. If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of US dollar commercial paper in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, placed for industrial issuers whose bond rating is “Aa”, or the equivalent, from a nationally recognized statistical rating organization; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

“Money Market Yield” means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where “D” refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and “M” refers to the actual number of days in the applicable Interest Reset Period.

(4) *Eleventh District Cost of Funds Rate*

If the “Eleventh District Cost of Funds Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Eleventh District Cost of Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**Eleventh District Cost of Funds Rate**” means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Eleventh District Cost of Funds Rate (an “Eleventh District Cost of Funds Rate Interest Determination Date”), the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost

of Funds Rate Interest Determination Date falls as set forth opposite the caption “11TH Dist COFI” on the display on Reuters (or any successor service) on page “COFI/ARMS” (or any other page as may replace such page on such service) (“**Reuters Page COFI/ARMS**”) as of 11:00 A.M., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on the Reuters Page COFI/ARMS on such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate on such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the “**Index**”) by the Federal Home Loan Bank (“**FHLB**”) of San Francisco as such cost of funds for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date. If the FHLB of San Francisco fails to announce the Index on or prior to such Eleventh District Cost of Funds Rate Interest Determination Date for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date will be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

(5) *EURIBOR*

If “EURIBOR” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to EURIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**EURIBOR**” means the rate determined in accordance with the following provisions:

- (i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to EURIBOR (a “**EURIBOR Interest Determination Date**”), EURIBOR will be the rate for deposits in Euro as sponsored, calculated and published jointly by the European Banking Federation and ACI The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity as specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on Reuters on page EURIBOR01 (or any other page as may replace such page on such service) (“**Reuters Page EURIBOR01**”) as of 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date; or if no such rate so appears, EURIBOR on such EURIBOR Interest Determination

Date will be determined in accordance with the provisions described in clause (ii) below.

- (ii) With respect to a EURIBOR Interest Determination Date on which no rate appears on the Reuters Page EURIBOR01 as specified in Clause (i) above, the Calculation Agent will request the principal Euro zone office of each of four major reference banks (which may include the Agents or their affiliates) in the Euro zone interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in Euro for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the Euro zone interbank market at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date and in a principal amount not less than the equivalent of US\$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time. If at least two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of such quotations.
- (iii) If fewer than two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date by four major banks (which may include the Agents or their affiliates) in the Euro zone selected by the Calculation Agent for loans in Euro to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on that Interest Reset Date and in a principal amount not less than the equivalent of US\$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time.
- (iv) If the banks so selected by the Calculation Agent are not quoting as mentioned in the preceding sentence, EURIBOR determined as of such EURIBOR Interest Determination Date will be EURIBOR in effect on such EURIBOR Interest Determination Date.

“**Euro zone**” means the region comprised of member states of the European Union that have adopted the single currency in accordance with the Treaty on European Union signed at Maastricht on February 7, 1992.

(6) *Federal Funds Rate*

If “Federal Funds Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Federal Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**Federal Funds Rate**” means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Federal Funds Rate (a “Federal Funds Rate Interest Determination Date”),

- (i) if “Federal Funds (Effective) Rate” is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the Federal Funds Rate Interest Determination Date shall be the rate with respect to such date for US dollar federal funds as published in H.15(519) opposite the heading “Federal funds (effective)” and that appears on Reuters on page FEDFUNDS1 (or any other page as may replace such page on such service) (“**Reuters Page FEDFUNDS1**”) under the heading “EFFECT” or, if such rate is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate with respect to such Federal Funds Rate Interest Determination Date for US dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption “Federal funds (effective)”. If such rate does not appear on Reuters Page FEDFUNDS 1 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate with respect to such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight US dollar federal funds arranged by three leading brokers of US dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on the Business Day following such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;

- (ii) if “Federal Funds Open Rate” is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable Federal Funds Rate Interest Determination Date shall be the rate on such date under the heading “Federal Funds” for the relevant Index Maturity and opposite the caption “Open” as such rate is displayed on Reuters on page 5 (or any other page as may replace such page on such service) (“**Reuters Page 5**”), or, if such rate does not appear on Reuters Page 5 by 3:00 P.M., New York City time, on the Calculation Date, the Federal Funds Rate for the Federal Funds Rate Interest Determination Date will be the rate for that day displayed on the FFPREBON Index page on Bloomberg L.P. (“**Bloomberg**”), which is the Fed Funds Opening Rate as reported by Prebon Yamane (or a successor) on Bloomberg. If such rate does not appear on Reuters Page 5 or is not displayed on the FFPREBON Index page on Bloomberg or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight US Dollar federal funds arranged by three leading brokers of US Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;
- (iii) if “Federal Funds Target Rate” is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable Federal Funds Rate Interest Determination Date shall be the rate on such date as displayed on the FDTR Index page on Bloomberg. If such rate does not appear on the FDTR Index page on Bloomberg by 3:00 P.M., New York City time, on the Calculation Date, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date will be the rate for that day appearing on Reuters on page USFFTARGET= (or any other page as may replace such page on such service) (“**Reuters Page USFFTARGET=**”). If such rate does not appear on the FDTR Index page on Bloomberg or is not displayed on Reuters Page USFFTARGET= by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic

mean of the rates for the last transaction in overnight US Dollar federal funds arranged by three leading brokers of US Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

(7) *LIBOR*

If “LIBOR” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to LIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**LIBOR**” means the rate determined in accordance with the following provisions:

- (i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to LIBOR (a “**LIBOR Interest Determination Date**”), LIBOR will be the rate for deposits in the Designated LIBOR Currency for a period of the Index Maturity specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on the Designated LIBOR Page (as defined below) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, or if no such rate so appears, LIBOR on such LIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.
- (ii) With respect to a LIBOR Interest Determination Date on which no rate appears on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent will request the principal London offices of each of four major reference banks (which may include the Agents or their affiliates) in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal

amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks (which may include the Agents or their affiliates) in such Principal Financial Center selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the related Interest Reset Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

**“Designated LIBOR Currency”** means the currency specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as to which LIBOR shall be calculated or, if no such currency is specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, US dollars.

**“Designated LIBOR Page”** means the display on Reuters (or any successor service) on page LIBOR01 or LIBOR02, as specified in the applicable Pricing Term Sheet and/or Final Terms (or any other page as may replace such page on such service or successor service), for the purpose of displaying the London interbank rates (which may include affiliates of the Distribution Agents) for the Designated LIBOR Currency.

**“London Banking Day”** is any day (other than a Saturday or Sunday) in which dealings in deposits in United States dollars are transacted or, with respect to any future date, are expected to be transacted in the London interbank market.

**“Principal Financial Center”** means (i) the capital city of the country issuing the Specified Currency, or (ii) the capital city of the country to which the Designated LIBOR Currency, if applicable, relates, except, in each case, that with respect to US Dollars, Australian Dollars, Canadian Dollars, Euro, New Zealand Dollars, South African Rand and Swiss Francs, the “Principal Financial Center” shall be The City of New York, Sydney, Toronto, The City of London (solely in the case of the



Designated LIBOR Currency), Wellington, Johannesburg and Zurich, respectively.

(8) *Prime Rate*

If “Prime Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Prime Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**Prime Rate**” means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Prime Rate (a “Prime Rate Interest Determination Date”), the rate on such date as such rate is published in H.15(519) opposite the caption “Bank prime loan” or, if not published prior to 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption “Bank Prime Loan”. If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean, as determined by the Calculation Agent, of the rates of interest publicly announced by each bank that appears on Reuters on page USPRIME1 (or any other page as may replace such page on such service for the purpose of displaying prime rates or base lending rates of major United States banks (“**Reuters Page USPRIME1**”)) as such bank’s prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date. If fewer than four such rates so appear on Reuters Page USPRIME1 for such Prime Rate Interest Determination Date by 3:00 P.M., New York City time on the related Calculation Date, then the Prime Rate shall be the arithmetic mean calculated by the Calculation Agent of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360 day year as of the close of business on such Prime Rate Interest Determination Date by three major banks (which may include the Agents or their affiliates) in New York City selected by the Calculation Agent; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date or, if no Prime Rate was in effect on such Prime Rate Interest Determination Date, the rate on such Floating Rate Note for the following Interest Reset Period shall be the Initial Interest Rate.

(9) *Treasury Rate*

If “Treasury Rate” is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Treasury Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, “**Treasury Rate**” means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined by reference to the Treasury Rate (a “**Treasury Rate Interest Determination Date**”), the rate from the auction held on such Treasury Rate Interest Determination Date (the “Auction”) of direct obligations of the United States (“Treasury Bills”) having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, under the caption “INVEST RATE” on the display on Reuters or any successor service on page USAUCTION 10 (or any other page as may replace such page on such service) (“**Reuters Page USAUCTION 10**”) or page USAUCTION 11 (or any other page as may replace such page on such service) (“**Reuters Page USAUCTION 11**”) or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined below) of the auction rate of such Treasury Bills as announced by the US Department of the Treasury. In the event that the auction rate of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, is not so announced by the US Department of the Treasury, or if no such Auction is held, then the Treasury Rate will be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption “US government securities/Treasury bills/secondary market” or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “US government securities/Treasury bills/secondary market”. If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Treasury Rate will be calculated by the Calculation Agent and will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary US government securities dealers (which may include the Agents or their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as

mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

**“Bond Equivalent Yield”** means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where “D” refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, “N” refers to 365 or 366, as the case may be, and “M” refers to the actual number of days in the applicable Interest Reset Period.

(iii) Minimum and/or Maximum Rate of Interest

If the applicable Pricing Term Sheet and/or Final Terms specifies a Minimum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be less than such Minimum Rate of Interest and/or if it specifies a Maximum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be greater than such Maximum Rate of Interest.

Unless otherwise stated in the applicable Final Terms and/or Pricing Term Sheet, the Minimum Rate of Interest shall be deemed to be zero.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **“Interest Amount”**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to in the case of Floating Rate Notes, the aggregate outstanding nominal amount of the Subordinated Notes represented by such Global Certificate and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (a) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A)

the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (b) if “Actual/365 (Fixed)” is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period in respect of which payment is being made divided by 365;
- (c) if “Actual/360” is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period in respect of which payment is being made divided by 360;
- (d) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (e) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\frac{\text{Day} \quad \text{Count} \quad \text{Fraction}}{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)} =$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (f) if “30E/360 (ISDA)” is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\frac{\text{Day} \quad \text{Count} \quad \text{Fraction}}{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)} =$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(v) Notification of Rate of Interest and Interest Amount

The Fiscal Agent or, if applicable, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth Amsterdam Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Subordinated Noteholders in accordance with Condition 12 (*Notices*). For the purposes of this paragraph, the expression “**Amsterdam Business Day**” means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in Amsterdam.

(vi) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph (b), whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the Calculation Agent (if applicable), the other Paying Agents and all Subordinated Noteholders and (in the absence as aforesaid) no liability to the Issuer or the Subordinated Noteholders shall attach to the Fiscal Agent or, if applicable, the Calculation

Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(c) Interest on Foreign Currency Subordinated Notes**

In the case of Foreign Currency Subordinated Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms.

**(d) Accrual of Interest**

Each Subordinated Note (or in the case of the redemption of part only of a Subordinated Note, that part only of such Subordinated Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Subordinated Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) or individually.

**5. Payments**

**(a) Principal, Interest and Record Date**

Payment of the principal of and any premium or interest on Subordinated Notes, other than Foreign Currency Subordinated Notes with respect to which a Specified Currency payment election has been made, will be made to the registered holders thereof at the office of the US Paying Agent or, if applicable, the European Paying Agent, or such other office or agency of the Issuer maintained by it for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of the principal of and any premium and interest on such Subordinated Notes due at Maturity will be made to the registered holders thereof in immediately available funds at such office or such other offices or agencies if such Subordinated Notes are presented to the applicable Paying Agent or any other paying agent in time for the applicable Paying Agent or such other paying agent to make such payments in accordance with its normal procedures; and, provided, further, that at the option of the Issuer, payment of interest, other than interest payable at Maturity, may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Register unless that address is in the Issuer's country of incorporation or, if different, country of tax residence; and, provided, further, that notwithstanding the foregoing a registered holder of US\$5,000,000 or more in aggregate principal amount of such Subordinated Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at Maturity, by wire transfer of immediately available funds to an account at a bank located in The City of New York (or other location consented to by such Issuer) if appropriate wire transfer instructions have been received by the applicable Paying Agent or any other paying agent in writing not less than 15 calendar days prior to the applicable Interest Payment Date.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, payments of principal of and any premium and interest on Foreign Currency Subordinated Notes will be made in US dollars unless the holder thereof elects to receive such payments in the Specified Currency as described below.

Any US dollar amount to be received by a holder of a Foreign Currency Subordinated Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day with respect to such Subordinated Note preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) for the purchase by the quoting dealer of the Specified Currency for US dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all holders of Foreign Currency Subordinated Notes scheduled to receive US dollar payments and at which the applicable dealer commits to execute a contract. If such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the holder of the Foreign Currency Subordinated Notes by deductions from such payments.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, a holder of a Foreign Currency Subordinated Notes may elect to receive payment of the principal of and any premium and interest on such Subordinated Note in the Specified Currency by transmitting a written request for such payment to the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be. Such request, which must include the wire transfer instructions referred to below, may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. A holder of a Foreign Currency Subordinated Note may elect to receive payment in the Specified Currency for all principal and any premium and interest payments and need not file a separate election for each payment. All costs associated with such currency exchange will be paid by the holder. Such election will remain in effect until revoked by written notice to the applicable Paying Agent, but written notice of any such revocation must be received by the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be.

The payment of principal of and any premium or interest on Foreign Currency Subordinated Notes paid in the Specified Currency other than at Maturity will be made by check drawn upon a bank office located outside the United States, and any such payments due at Maturity will be made by wire transfer of immediately available funds to an account maintained by the Holder with a bank office located in the country which issued the Specified Currency upon presentation of such Subordinated Notes to the applicable Paying Agent or any other paying agent in time for such wire transfer to be made by the applicable Paying Agent or such other paying agent in accordance with its normal procedures.

If a Specified Currency is not available for the payment of principal or any premium or interest with respect to a Foreign Currency Subordinated Note due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to holders of Foreign Currency Subordinated Notes by making such payment in US dollars on the basis of the market exchange rate on the second Market Day prior to the date of such payment, or if such market exchange rate is not then available, on the basis of the most recently available market exchange rate.

Each payment in respect of a Registered Note in definitive form will be made to the person shown as the Registered Holder in the Register at the opening of business in the place of the Registrar's



specified office on the fifteenth day before the due date for such payment (in respect of such Subordinated Notes, the “**Record Date**”). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Registered Holder in the Register at the opening of business on the relevant Record Date. Each payment in respect of a Registered Note in global form will be made to the person shown as the Registered Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (in respect of such Subordinated Notes, the “**Record Date**”), where “**Clearing System Business Day**” means a day on which each clearing system for which the Relevant Global Certificate is being held is open for business.

**(b) Payment Day**

If the date for payment of any amount in respect of any Subordinated Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes (unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms), “**Payment Day**” means any day which (subject to this Condition 5) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) any Additional Business Center specified in the applicable Final Terms and/or Pricing Term Sheet; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than the place of presentation and any Financial Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

**(c) Interpretation of Principal and Interest**

Any reference in these Terms and Conditions to principal or nominal amount in respect of the Subordinated Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);
- (ii) the Final Redemption Amount of the Subordinated Notes;
- (iii) the Early Redemption Amount of the Subordinated Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Subordinated Notes;

- (v) any premium and any other amounts (other than accrued interest) which may be payable by the Issuer under or in respect of the Subordinated Notes;

and shall be deemed to exclude any amount written off or converted (if any) pursuant to Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*).

Any reference in these Terms and Conditions to interest in respect of the Subordinated Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

## **6. Redemption and Purchase**

### **(a) *Redemption at Maturity***

Unless previously redeemed, written off, converted or purchased and cancelled as specified below or Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*), each Subordinated Note will be redeemed by the Issuer at its Final Redemption Amount (together with any accrued interest) specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms in the relevant Specified Currency on the Maturity Date or the Interest Payment Date falling in the Redemption Month (as defined and specified in the applicable Final Terms).

### **(b) *Redemption for Tax Reasons***

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Subordinated Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) if, on the occasion of the next payment due under the Subordinated Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment (i) becomes effective on or after the Issue Date of the first Tranche of the Subordinated Notes and (ii) to the satisfaction of the Relevant Regulator is material and was not reasonably foreseeable at the Issue Date.

Each Subordinated Note redeemed pursuant to this Condition 6(b) will be redeemed at its Early Redemption Amount referred to in paragraph (e) (*Early Redemption Amount*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **(c) *Redemption at the Option of the Issuer (Issuer Call)***

If Issuer Call is specified in the applicable Pricing Term Sheet and/or Final Terms, the Issuer may at its option, and, subject as provided in paragraph (e) below and having given:

- (i) not less than 30 nor more than 60 days' notice to the Subordinated Noteholders in accordance with Condition 12 (*Notices*); and

- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal Agent, both of which notices shall be irrevocable),

redeem all but not some only of the Subordinated Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms and/or Pricing Term Sheet together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

All notices of redemption shall identify the Subordinated Notes to be redeemed (including CUSIP, Common Code and ISIN numbers), the date fixed for redemption, the redemption price, the manner in which redemption will be effected.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not higher than the Maximum Redemption Amount, both as indicated (if at all) in the applicable Pricing Term Sheet and/or Final Terms. In the case Redeemed Notes represented by definitive Subordinated Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Certificate will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (c) and notice to that effect shall be given by the Issuer to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) at least 5 days prior to the Selection Date.

**(d) *Redemption, substitution and variation for regulatory purposes of Subordinated Notes***

If Regulatory Call is specified in the applicable Final Terms and/or Pricing Term Sheet and if the Issuer notifies the Subordinated Noteholders immediately prior to the giving of notice referred to below that the whole or at least the minimum percentage of the outstanding nominal amount of the Subordinated Notes, as specified in the applicable Final Terms and/or Pricing Term Sheet, is fully excluded from qualifying as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the Issue Date of the Subordinated Notes) or the Relevant Regulator authority has determined that the whole or at least the minimum percentage of the outstanding nominal amount of the Subordinated Notes, as specified in the applicable Final Terms and/or Pricing Term Sheet, is fully excluded from qualifying as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the Issue Date of the Subordinated Notes), then the Issuer may, subject to (i) the Relevant Regulator being satisfied that such disqualification as Tier 2 capital was not reasonably foreseeable at the Issue Date and (ii) the prior consent of the Relevant Regulator provided that at the relevant time such consent is required, and having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Subordinated Noteholders redeem, in accordance with the Conditions, all, but not some only, of the Subordinated Notes on the Optional Redemption Date(s) specified in the applicable Final Terms and/or Pricing Term Sheet at the Optional Redemption Amount specified in the applicable Final Terms and/or Pricing Term Sheet together with accrued interest (if any) to but excluding the Optional Redemption Date.

If Variation or Substitution is specified in the applicable Final Terms and/or Pricing Term Sheet and if a CRD IV Capital Event or an event as specified in the preceding paragraph in this Condition 6(d) has occurred and is continuing, then the Issuer may, subject to the prior written consent of the Relevant Regulator provided that at the relevant time such consent is required (but

without any requirement for the consent or approval of the Subordinated Noteholders) and having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Subordinated Noteholders, either substitute all, but not some only, of the Subordinated Notes or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time. Upon the expiry of the notice referred to above, the Issuer shall either vary the terms of, or substitute, the Subordinated Notes in accordance with this Condition 6(d), as the case may be, provided that such substitution or variation shall not result in terms that are materially less favourable to the Subordinated Noteholders.

Following such variation or substitution the resulting securities shall (1) have a ranking at least equal to that of the Subordinated Notes, (2) have at least the same interest rate and the same interest payment dates as those from time to time applying to the Subordinated Notes, (3) have the same Maturity Date and redemption rights as the Subordinated Notes, (4) preserve any existing rights under the Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of variation or substitution, (5) have assigned (or maintain) the same credit ratings as were assigned to the Subordinated Notes immediately prior to such variation or substitution and (6) be listed on a recognised stock exchange if the Subordinated Notes were listed immediately prior to such variation or substitution.

In these Conditions:

**"CRD IV Capital Event"** is deemed to have occurred if the whole of the outstanding nominal amount of the Subordinated Notes can no longer be included in full in the Tier 2 capital of the Issuer by reason of their non-compliance with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time;

**"CRD IV"** means together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations;

**"CRD IV Directive"** means a directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, a first draft of which was published on 20 July 2011;

**"CRD IV Regulation"** means a regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, a first draft of which was published on 20 July 2011; and

**"Future Capital Instruments Regulations"** means any regulatory capital rules implementing the CRD IV Regulation or the CRD IV Directive which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by DNB, the European Banking Authority or other Relevant Regulator, which are applicable to the Issuer (on a solo or consolidated basis) and which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive.

**(e) Early Redemption Amounts**

Subject to paragraph (h) (*Statutory Loss Absorption of Subordinated Note*), for the purpose of paragraphs (b), (c) and (d) above and Condition 9 (*Events of Default*), each Subordinated Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Subordinated Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; and
- (ii) in any other case, at the amount specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms or, if no such amount or manner is so specified in the Pricing Term Sheet and/or Final Terms, at their nominal amount.

Redemption of Subordinated Notes pursuant to paragraph (b), (c) and (d) above may only be effected after the Issuer has obtained the prior written consent of the Relevant Regulator, provided that at the relevant time such consent is required to be given.

**(f) Purchases**

The Issuer or any of its subsidiaries may at any time purchase Subordinated Notes at any price in the open market or otherwise. Such Subordinated Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation. The purchases by the Issuer or any of its subsidiaries of Subordinated Notes shall be subject to the prior written consent of the Relevant Regulator, provided that at the relevant time such consent is required to be given.

**(g) Cancellation**

All Subordinated Notes which are redeemed will forthwith be cancelled. All Subordinated Notes so cancelled and the Subordinated Notes purchased and cancelled pursuant to paragraph (f) above shall be forwarded to the Agent and cannot be re-issued or resold.

**(h) Statutory Loss Absorption of Subordinated Notes**

Subordinated Notes may become subject to the determination by the Relevant Authority or the Issuer (following instructions from the Relevant Authority) that without the consent of the Subordinated Noteholder all or part of the nominal amount of the Subordinated Notes, including accrued but unpaid interest in respect thereof, must be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, all as prescribed by CMD ("**Statutory Loss Absorption**"). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Subordinated Notes subject to Statutory Loss Absorption shall be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, as prescribed by CMD, (ii) such Statutory Loss Absorption shall not constitute an Event of Default and (iii) the Subordinated Noteholders will have no further claims in respect of the amount so written off or subject to conversion or otherwise as a result of such Statutory Loss Absorption.

The Subordinated Notes will not be subject to Statutory Loss Absorption if and to the extent the CMD is not deemed to apply retrospectively with respect to such Statutory Loss Absorption.

Upon any write off or conversion of a proportion of the outstanding nominal amount of the Subordinated Notes, any reference in these Conditions to principal, nominal amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount of the Subordinated Notes shall be deemed to be to the amount resulting after such write off or conversion.

In addition, subject to the determination by the Relevant Authority and without the consent of the Subordinated Noteholders, the Subordinated Notes may be subject to other resolution measures as envisaged under the CMD, such as replacement or substitution of the Issuer, transfer of the Subordinated Notes, expropriation of Subordinated Noteholders, modification of the terms of the Subordinated Notes and/or suspension or termination of the listings of the Subordinated Notes. Such determination, the implementation thereof and the rights of Subordinated Noteholders shall be as prescribed by CMD, which may include the concept that, upon such determination, no Subordinated Noteholder shall be entitled to claim any indemnification or payment in respect of any tax or other consequences arising from any such event and that any such event shall not constitute an Event of Default.

In these Conditions:

**"CMD"** means any relevant laws and regulations applicable to the Issuer at the relevant time pursuant to, or which implement, or are enacted within the context of, a directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, the most recent draft of which was published on 6 June 2012, or any such other resolution or recovery rules which may from time to time be applicable to the Issuer (including CRD IV); and

**"Relevant Authority"** means DNB or other regulatory authority or governmental body having the power to impose Statutory Loss Absorption on the Subordinated Notes pursuant to CMD; and

**"Relevant Regulator"** means the Dutch Central Bank (*De Nederlandsche Bank N.V.*) (also referred to herein as the DNB) and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer, as determined by the Issuer.

## **7. Taxation**

All payments of principal and interest in respect of the Subordinated Notes by the Issuer will be made free and clear and without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will, depending on which provision is specified in the applicable Pricing Term Sheet and/or Final Terms, either:

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Subordinated Notes and shall not pay any additional amounts to the holders of the Subordinated Notes; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Subordinated Notes after such withholding or deduction shall equal

the respective amounts of principal and interest which would otherwise have been receivable in respect of the Subordinated Notes as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Subordinated Note:

- (i) presented for payment by or on behalf of a Subordinated Noteholder who is liable for such taxes or duties in respect of such Subordinated Note by reason of his having some connection with the Netherlands other than the mere holding of such Subordinated Note, or the receipt of principal or interest in respect thereof; or
- (ii) presented for payment by or on behalf of a Subordinated Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) presented for payment by or on behalf of a Subordinated Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Subordinated Note, to another Paying Agent in a Member State of the European Union; or
- (iv) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(b)(*Payment Day*)); or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

The Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA Withholding**") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA Withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, the paying agent or any other party.

As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Subordinated Noteholders in accordance with Condition 12 (*Notices*).

## **8. Prescription**

The Subordinated Notes will become void unless claims in respect of principal and/or interest are made within a period of five years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefore.

## **9. Events of Default**

If any of the following events (each an “**Event of Default**”) shall have occurred and be continuing:

- (i) the Issuer is declared bankrupt, or a declaration in respect of the Issuer is made under article 3:163(1)(b) of the Wft; or
- (ii) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Subordinated Notes,

then any Subordinated Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Subordinated Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 6(e) (*Early Redemption Amount*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind provided that repayment of Subordinated Notes under this Condition 9 will only be effected after the Issuer has obtained the prior written consent of the Relevant Regulator provided that at the relevant time such consent is required.

## **10. Replacement of Subordinated Notes**

Should any Subordinated Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Subordinated Notes must be surrendered before replacements will be issued.

## **11. Agent and Paying Agents**

The names of the initial Fiscal Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Subordinated Notes are listed on any stock exchange, there will at all times be a Paying Agent and a Registrar with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;



- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (iii) there will at all times be a Fiscal Agent and a Registrar; and
- (iv) save to the extent satisfied by (i) above or (ii) above, there will at all times be a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(a) (*Principal, Interest and Record Date*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Subordinated Noteholders in accordance with Condition 12 (*Notices*).

## **12. Notices**

Notices shall be given in accordance with any applicable rule or regulation or decree by a governmental body and the rules and customary procedures of the stock exchange or applicable clearing system specified in the applicable Final Terms and/or Pricing Term Sheet and need not be given by mail unless required by the rules of the stock exchange or applicable clearing system.

Notices given by any Registered Holder shall be in writing and given by lodging the same with the Registrar at its specified office.

## **13. Amendment and Waiver**

Subject at all times to Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*), the Agent and the Issuer may agree, without the consent of the Subordinated Noteholders, to:

- (a) any modification of the Subordinated Notes Agency Agreement which is in the Issuer's opinion not materially prejudicial to the interests of the Subordinated Noteholders; or
- (b) any modification of the Subordinated Notes or the Subordinated Notes Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory and/or overriding provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (c) in accordance with Condition 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*), substitution of the Subordinated Notes or variation of the terms of the Subordinated Notes in order to ensure that such substituted or varied Subordinated Notes continue to qualify as Tier 2 Notes under CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time.

Any other amendment of this Subordinated Notes or the Subordinated Notes Agency Agreement may be made only with the consent of the Subordinated Noteholders. The Issuer and the Fiscal Agent, if applicable, may amend the Subordinated Notes or the Subordinated Notes Agency

Agreement with the written consent of the Holders of at least a majority in principal amount of the Subordinated Notes then outstanding voting as a single class (including consent obtained in connection with a tender offer or exchange of the Subordinated Notes); provided however that without the consent of 100% of the then outstanding aggregate principal amount of the Subordinated Notes, no amendment may:

- (a) reduce the amount of Subordinated Notes whose holders must consent to an amendment;
- (b) reduce the rate of or extend the time for payment of interest on any Subordinated Note;
- (c) reduce the principal or extend the Stated Maturity Date or Redemption Month of any Subordinated Note;
- (d) reduce the premium or amount payable upon the redemption of any Subordinated Note or change the time at which any Subordinated Note may be redeemed in accordance with its terms;
- (e) make any Subordinated Note payable in currency other than that stated in such Subordinated Note;
- (f) expressly subordinate any Subordinated Note to any other indebtedness of the Issuer save as permitted in accordance with its terms;
- (g) impair the right of any Subordinated Noteholder to receive payment of principal, premium, if any, and interest on such Holder's Subordinated Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Subordinated Notes; or
- (h) make any amendment to the Events of Default as described in the Conditions.

Any such modification shall be binding on the Subordinated Noteholders and any such modification shall be notified to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

#### **14. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Subordinated Noteholders to create and issue further Subordinated Notes having terms and conditions the same as the Subordinated Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Subordinated Notes.

#### **15. Substitution of the Issuer**

- (a) The Issuer may, with the consent of the Subordinated Noteholders which will be deemed to have been given in respect of each Tranche of Subordinated Notes on which no payment of principal or interest on any of the Subordinated Notes is in default and after written approval of the Relevant Regulator, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the "**Substituted Debtor**") as principal debtor in respect of the Subordinated Notes provided that:

- (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the “**Documents**”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Subordinated Noteholder to be bound by the Terms and Conditions of the Subordinated Notes and the provisions of the Subordinated Notes Agency Agreement as fully as if the Substituted Debtor had been named in the Subordinated Notes, and the Subordinated Notes Agency Agreement as the principal debtor in respect of the Subordinated Notes in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the “**Guarantee**”) in favour of each Subordinated Noteholder the payment of all sums (including any additional amounts payable pursuant to Condition 7 (*Taxation*)) payable in respect of the Subordinated Notes;
- (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Subordinated Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 7 (*Taxation*) with the substitution for the references to the Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to jointly and severally indemnify and hold harmless each Subordinated Noteholder against all liabilities, costs, charges and expenses, provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Subordinated Noteholder by any political sub-division or taxing authority of any country in which such Subordinated Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
- (iii) the Substituted Debtor and the Issuer shall have obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and the Documents shall contain a representation by the Substituted Debtor and the Issuer that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Subordinated Noteholder;
- (iv) each stock exchange which has Subordinated Notes listed thereon or the relevant competent authority relating thereto shall have confirmed that following the proposed substitution of the Substituted Debtor such Subordinated Notes would continue to be listed on such stock exchange;

- (v) the Substituted Debtor shall have delivered to the Fiscal Agent or procured the delivery to the Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Subordinated Noteholders at the specified office of the Fiscal Agent; and
  - (vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Subordinated Noteholders at the specified office of the Fiscal Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Subordinated Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Subordinated Noteholder, except as provided in Condition 15(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Subordinated Notes any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) In respect of any substitution pursuant to this Condition in respect of the Subordinated Notes of any Series, the Documents shall provide for such further amendment of the Terms and Conditions of the Subordinated Notes as shall be necessary or desirable to ensure that the Subordinated Notes of such Series constitute subordinated obligations of the Substituted Debtor and that the Guarantee constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Subordinated Notes of such Series under Condition 3 (*Status and Terms relating to Subordinated Notes*).
- (d) With respect to Subordinated Notes, the Issuer shall be entitled, after written approval of the Relevant Regulator, and by notice to the Subordinated Noteholders given in accordance with Condition 12 (*Notices*), at any time either to effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by 75% of the Subordinated Noteholders or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.
- (e) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notice as referred to in paragraph (g) below having been given, the Substituted Debtor shall be deemed to be named in the Subordinated Notes as the principal debtor in place of the Issuer and the Subordinated Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the

Subordinated Notes save that any claims under the Subordinated Notes prior to release shall ensure for the benefit of Subordinated Noteholders.

- (f) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Subordinated Notes remain outstanding and for so long as any claim made against the Substituted Debtor by any Subordinated Noteholder in relation to the Subordinated Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Subordinated Noteholder to the production of the Documents for the enforcement of any of the Subordinated Notes or the Documents.
- (g) Prior to, to the extent reasonably practicable but in any event no later than, 15 Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Subordinated Noteholders in accordance with Condition 12 (*Notices*).

## **16. Governing Law and Jurisdiction**

### **(a) *Governing Law***

The Subordinated Notes and the Subordinated Notes Agency Agreement are governed by, and shall be construed and interpreted in accordance with, the laws of The Netherlands.

### **(b) *Jurisdiction***

In relation to any legal action or proceedings arising out of or in connection with the Subordinated Notes or the Subordinated Notes Agency Agreement, the courts in Amsterdam, The Netherlands have exclusive jurisdiction.

## **SPECIAL PROVISIONS RELATING TO FOREIGN CURRENCY NOTES**

### **General**

Unless otherwise indicated in the applicable Pricing Term Sheet or Final Terms in relation to any Tranche of Notes, the Notes will be denominated in US dollars and payments of principal of and any premium and interest on the Notes will be made in US dollars in the manner indicated in this Base Prospectus and the applicable Pricing Term Sheet and/or Final Terms. If any of the Notes are to be denominated in a currency other than US dollars (a “**Specified Currency**”), the following special provisions shall apply which supplement, and to the extent inconsistent therewith replace the applicable master Terms and Conditions as set out in full in this Base Prospectus in the section headed “*Terms and Conditions of the Senior Notes*” and “*Terms and Conditions of the Subordinated Notes*”.

### **Payment currency**

Unless otherwise indicated in the applicable Pricing Term Sheet or Final Terms in relation to any Tranche of Notes, a purchaser will be required to pay for Foreign Currency Notes in the Specified Currency. Currently, there are limited facilities in the United States for the conversion of US dollars into foreign currencies. Therefore, unless otherwise indicated in the applicable pricing supplement, the exchange rate agent the relevant Issuer appoints and identifies in the applicable pricing supplement will arrange for the conversion of US dollars into the Specified Currency on behalf of any purchaser of a Foreign Currency Notes to enable a prospective purchaser to deliver the Specified Currency in payment for a Foreign Currency Note. The exchange rate agent must receive a request for any conversion on or prior to the third business day preceding the date of delivery of the Foreign Currency Note. The purchaser must pay all costs of currency exchange.

Unless otherwise indicated in the applicable Pricing Term Sheet or Final Terms in relation to any Tranche of Notes, payments made by the Issuer of principal of, premium, if any, and interest, if any, on a Foreign Currency Note, will be made in accordance with Condition 6.

## TAXATION

### Netherlands taxation

*The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note or Coupon, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.*

*For the purpose of this summary it is assumed that no individual or non-resident entity holding a Note has or will have a substantial interest, or - in the case of a holder of a Note being an entity - a deemed substantial interest, in the Issuer and that no connected person (verbonden persoon) to the holder of a Note has or will have a substantial interest in the Issuer.*

*Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has, or is deemed to have or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company*

*Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company. An entity holding a Note has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.*

*For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.*

*Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note or otherwise being regarded as owning a Note for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.*

*Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.*

***Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note or Coupon.***

## **1. WITHHOLDING TAX**

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

## **2. TAXES ON INCOME AND CAPITAL GAINS**

### **Residents**

#### *Resident entities*

An entity holding a Note which is, or is deemed to be, resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from a Note at the prevailing statutory rates.

#### *Resident individuals*

An individual holding a Note who is, is deemed to be, or has elected to be treated as, resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52 per cent if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding a Note will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. The deemed return amounts 4% of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Note). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 per cent.

### **Non-residents**

A holder of a Note which is not, is not deemed to be, and - in case the holder is an individual - has not elected to be treated as, resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from a Note unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and the holder of a Note derives profits from such enterprise (other than by way of securities); or



- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

### 3. GIFT AND INHERITANCE TAXES

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

### 4. VALUE ADDED TAX

There is no Dutch value added tax payable by a holder of a Note in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes, or the transfer of the Notes.

### 5. OTHER TAXES AND DUTIES

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of a Note in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

### 6. RESIDENCE

A holder of a Note will not be, or deemed to be, resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

### 7. EU COUNSEL DIRECTIVE ON TAXATION OF SAVINGS INCOME

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State.

The European Commission proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

### **US federal income taxation**

The following discussion is a summary based upon present law of certain material US federal income tax considerations for prospective purchasers of Notes. This discussion addresses only US Holders (as defined below) purchasing Notes in an original offering that hold such Notes as capital assets and use the US dollar as their functional currency. This discussion is a general summary. It is not a substitute for tax advice. This discussion does not address the tax treatment of prospective purchasers subject to special rules, such as financial institutions, insurance companies, tax-exempt entities, dealers in securities or foreign currencies, traders in securities that elect to mark to market, prospective purchasers liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, regulated investment companies, real estate investment trusts, or persons holding the Notes as part of a hedge, straddle, conversion, or other integrated financial transaction. This section does not address Notes that are due to mature more than 30 years from the date on which they are issued or Subordinated Notes. This summary does not address US federal estate and gift, US state and local or foreign tax law.

**THE STATEMENTS ABOUT US FEDERAL INCOME TAX ISSUES ARE MADE TO SUPPORT THE PROMOTION AND MARKETING OF THE NOTES. NO TAXPAYER CAN RELY ON THEM TO AVOID US FEDERAL TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN NOTES UNDER THE LAWS OF THE NETHERLANDS, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.**

For purposes of this discussion, a “**US Holder**” is a beneficial owner of a Note that is (i) a citizen or individual resident of the United States for US federal income tax purposes, (ii) a corporation, partnership or other business entity organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of a US person and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income taxation regardless of its source.

The US federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Partnerships and partners in such partnerships are urged to consult their own tax advisers regarding the specific tax consequences of purchasing, owning and disposing of such Notes.

### **FATCA**

Under FATCA the Issuer and other FFIs through which payments on Notes (including original issue discount ("**OID**")), if any, principal and redemption proceeds) are made may be required to withhold US tax in certain circumstances. Payments on Notes issued after 31 December 2013 might become subject to US withholding tax under FATCA if the payments were considered (in whole or in part) to be "foreign pass-thru payments" within the meaning of the FATCA rules. Payments on or with respect to the Notes will not become subject to FATCA withholding sooner than 1 January 2017. Furthermore, Notes that are issued before 1 January 2014 or, if later, the date that is six months after regulations defining the term "foreign pass thru payment" are published (the "**grandfathering period**") will not be subject to FATCA withholding in 2017 and later unless the Notes are considered to be equity for US federal income tax purposes or the Notes are "materially modified" for U.S. federal income tax purposes after the end of the grandfathering period. No withholding would be required on payments made directly to an investor that is not an FFI to the extent an investor provides information to the Issuer (or other FFI through which payments on the Notes are made) sufficient for the Issuer (and any other FFI through which payments on the Notes are made) to determine whether the investor is a US person or should otherwise be treated as holding a "United States Account" under FATCA.

If an amount in respect of FATCA withholding tax were to be deducted or withheld from any payments on the Notes, neither the Issuer nor any paying agent would be required to pay any additional amounts as a result of the deduction or withholding of such tax. As a result, investors who are FFIs that have not entered into an FFI agreement, investors that hold Notes through such FFIs or investors that are not FFIs but have failed to provide required information to an FFI that has entered into an FFI agreement may be subject to withholding tax for which no additional amount will be paid by the Issuer. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

### **Characterization of the notes**

The Issuer expects that the Notes generally should be characterized as debt for US federal income tax purposes. The tax characterization of Notes in any particular Series will depend, however, on the Final Terms of the Series and it is possible that certain Notes, particularly including Notes that are due to mature more than 30 years from the date on which they are issued or Subordinated Notes, may not be characterized as debt for US federal income tax purposes. While the discussion here generally assumes that the Notes are debt for US federal income tax purposes, US Holders should consult their own tax advisors about the proper tax characterization of the Notes.

The consequences to a US Holder of purchasing Notes in the original offering and holding Notes that are treated as debt for US federal income tax purposes generally would be as described below.

### **Interest**

Except as discussed below under "*Original Issue Discount*" and "*Contingent Debt Obligations*", interest on the Notes will be includible in the income of a US Holder as ordinary income from sources outside the United States according to such US Holder's regular method of accounting for tax purposes, provided that such interest is qualified stated interest (as defined below). Interest on Floating Rate Notes will generally accrue at a hypothetical fixed rate equal to the rate at which the Notes bore interest on their issue date. The amount of interest actually recognized for any accrual period will increase (or decrease) if the interest actually paid during the period is more (or less) than the amount accrued at the hypothetical rate. US Holders of Floating Rate Notes,

therefore, generally will recognize income for each period equal to the amount paid during that period.

### **Original issue discount**

A Series of Notes may be issued with original issue discount (“**OID**”) for US federal income tax purposes. A Note will be issued with OID to the extent that the Note’s “**stated redemption price at maturity**” exceeds its “**issue price**”. A Note generally will not have OID if such excess is less than 1/4 of 1% of the Note’s stated redemption price at maturity multiplied by the number of complete years to maturity (“**de minimis OID**”).

The issue price of a Note is the initial offering price at which a substantial amount of the Notes are sold (excluding sales to underwriters, brokers or similar persons acting in their capacity as such). The stated redemption price at maturity of a Note is the total of all payments on the Note other than payments of “**qualified stated interest**”. Qualified stated interest means, in general, stated interest that is payable unconditionally in cash or in property at least annually at a single fixed rate (or at certain floating rates) that appropriately takes into account the length of the interval between stated interest payments.

A US Holder of a Note issued with OID and having a maturity in excess of one year must include OID in income over the term of the Note. An initial US Holder generally must include in gross income the sum of the daily portions of OID that accrue on the Note for each day during the taxable year in which such US Holder held the Note. To determine the daily portion of OID, OID accruing during an accrual period (generally the period not exceeding one year between dates on which interest is paid) is divided by the number of days in the accrual period.

The amount of OID accruing during an accrual period is determined by using a constant yield to maturity method. For any accrual period, the OID allocable to the accrual period is the excess of (i) the product of the Note’s adjusted issue price at the beginning of the accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted for the length of the accrual period) over (ii) the sum of any qualified stated interest payments allocable to the accrual period. A Note’s adjusted issue price generally equals the issue price of the Note increased by the aggregate amount of OID accrued on a Note in all prior accrual periods (determined without regard to the amortization of any acquisition premium, as discussed below, or bond premium, as discussed below) and reduced by the amount of all payments previously received (other than payments of qualified stated interest).

As described below in “*Optional Redemption*”, certain of the Notes may be subject to special redemption features, which may affect the yield to maturity and accrual periods with respect to a Note.

Notes bearing interest at a variable rate, including Floating Rate Notes, are subject to special OID rules. In the case of a Floating Rate Note, both the yield to maturity and qualified stated interest will be determined as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable on the date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. In certain cases, Floating Rate Notes that bear stated interest and are issued at par may have OID, with the result that the inclusion of interest in income may vary from the actual cash payments of interest made on such Notes.

OID on a Note that is denominated in a single currency other than US dollars will be determined for any accrual period in the applicable currency and then translated into US dollars in the same manner as other interest income accrued by an accrual method US Holder, as described below under “*Foreign Currency Notes*”. A US Holder will recognize exchange gain or loss when OID is paid to the extent of the difference between the US dollar value of the accrued OID and the US dollar value of the currency received at the spot rate on the date of receipt. For this purpose, all payments (other than qualified stated interest) on a Note will first be treated as payments of previously accrued OID, with payments considered made for the earliest accrual periods first.

A US Holder may elect to treat all interest on a Note as OID applying the constant yield method described above to accrue such interest, with the modifications described below. For purposes of this election, interest includes stated interest, OID, de minimis OID, acquisition discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. In applying the constant yield method to a Note with respect to which this election has been made, the issue price of a Note will equal the electing US Holder’s adjusted basis in the Note immediately after its acquisition, the issue date of the Note will be the date of its acquisition by the electing US Holder, and no payments on the Note will be treated as payments of qualified stated interest. If a US Holder makes this election, it will apply only to the Note with respect to which it is made and the US Holder may not revoke it without the consent of the IRS. A US Holder making this election with respect to a Note with bond premium will be deemed to have made the elections (discussed below in “*Bond Premium*”) to amortize bond premium currently with respect to all debt instruments with bond premium held or acquired by such US Holder as of the beginning of that taxable year.

### **Foreign currency notes**

A cash basis US Holder receiving interest denominated in a currency other than US dollars must include a US dollar amount in income based on the spot exchange rate on the date of receipt whether or not the payment is converted to US dollars. An accrual basis US Holder (or a cash basis US Holder in the case of interest, such as OID, that must be accrued prior to receipt) receiving interest denominated in a currency other than US dollars must include in income a US dollar amount based on the average exchange rate during the accrual period (or, if an accrual period spans two taxable years, the partial period within the taxable year). Upon receipt of an interest payment in a currency other than US dollars, US Holders that have accrued interest will recognize exchange gain or loss equal to the difference, if any, between the US dollar amount of interest previously accrued and the US dollar value of the payment received determined at the spot exchange rate on the date of receipt. Such exchange gain or loss will be US source ordinary income or loss and generally will not be considered additional interest income or expense.

An accrual basis US Holder (and a cash basis US Holder with respect to OID, if any) may elect to translate accrued interest into US dollars at the spot exchange rate on the last day of the accrual period (or, if an accrual period spans two taxable years, at the exchange rate on the last day of the partial accrual period in the relevant taxable year). If accrued interest actually is received within five business days of the last day of the accrual period, an electing accrual basis US Holder instead may translate the accrued interest at the spot exchange rate on the date of actual receipt for purposes of translating accrued interest income into US dollars (in which case no exchange gain or loss will be taken into account upon receipt). Any currency translation elections will apply to all debt instruments that the electing US Holder holds or acquires as of the beginning of that taxable year. A US Holder may not revoke this election without the consent of the IRS.

For purposes of this discussion, the “**spot exchange rate**” generally means a rate that reflects a fair market rate of exchange available to the public for currency under a “**spot contract**” in a free market and involving representative amounts. A “spot contract” is a contract to buy or sell a currency other than the US dollar on or before two business days following the date of the execution of the contract. If such a spot rate cannot be demonstrated, the IRS has the authority to determine the spot rate. The “**average rate**” for an accrual period (or partial period) is the average of the spot exchange rates for each business day of such period or other average exchange rate for the period reasonably derived and consistently applied by a US Holder.

The tax basis of currency other than US dollars received by a US Holder generally will equal the US dollar equivalent of such foreign currency at the spot rate on the date it is received. Upon the subsequent exchange of such foreign currency for US dollars, another currency, or property, a US Holder generally will recognize exchange gain or loss equal to the difference between the US Holder’s tax basis in the foreign currency and the US dollars received or the US dollar value of the other currency (at the spot rate on the date of exchange) or property. Such gain or loss will be US source ordinary gain or loss.

### **Short-term notes**

A US Holder of a Note with a maturity of one year or less (a “**Short-Term Note**”) will be subject to special rules.

The OID rules do not treat interest payments on a Short-Term Note as qualified stated interest, but instead treat a Short-Term Note as having OID determined by including any stated interest payments in a Short-Term Note’s stated redemption price at maturity. Except as noted below, a cash-basis US Holder of a Short-Term Note generally will not be required to accrue OID currently, but will be required to treat any gain realized on a sale or other disposition of a Short-Term Note as ordinary income to the extent such gain or loss does not exceed the OID accrued with respect to the Short-Term Note during the period the US Holder held it. Accrual basis (and electing cash-basis) US Holders will include OID on a Short-Term Note in income on a current basis.

A US Holder will accrue OID on a Short-Term Note on a straight-line method unless it elects a constant yield method. If a US Holder makes this election, it will apply only to the Short-Term Note with respect to which it is made, and the US Holder may not revoke it. Furthermore, unless a US Holder elects to include OID into income on a current basis as described above, a US Holder of a Short-Term Note having OID may be required to defer the deduction of all or a portion of the interest expense on any debt incurred or maintained to purchase or carry such Short-Term Note.

### **Contingent debt obligations**

A Series of Notes may provide for contingent payments (“**Contingent Debt Obligations**”). Special rules govern the tax treatment of Contingent Debt Obligations. These rules generally require a US Holder to treat all interest as OID and to accrue OID at a rate equal to the comparable yield on a non-contingent fixed rate debt instrument of the Issuer with similar terms and conditions and a projected payment schedule that produces such comparable yield. The amount of OID will then be allocated on a ratable basis to each day in the period that the US Holder holds the Contingent Debt Obligation. The OID would be ordinary income from sources outside of the United States.

If the actual payments made on a Contingent Debt Obligation in a year differ from the projected contingent payments, US Holders will recognize additional interest income or ordinary loss (after offsetting and reducing OID for such periods). Ordinary loss is recognized only to the extent of OID accrued in prior years, with any further excess being carried forward to offset OID accruals in future taxable years or as a reduction in the amount realized upon sale maturity or other disposition of the Contingent Debt Obligation. US Holders therefore might be required to recognize income greater or less than the interest and other cash payments on the Contingent Debt Obligations.

The OID rules do not treat Notes as having OID by reason of the contingent US dollar values of payments on Notes denominated in a single currency other than US dollars. US Holders of Contingent Debt Obligations denominated in a single currency other than US dollars generally are required to accrue interest at a comparable yield in units of foreign currency and translate OID into US dollars in accordance with the rules for accrual basis taxpayers. Special rules apply to the conversion of adjustments.

Gain on the sale or other disposition of a Contingent Debt Obligation generally will be treated as ordinary income from sources outside of the United States. Loss will be treated as ordinary loss to the extent of prior net interest inclusions and capital loss to the extent of any excess. Loss generally would be treated as arising from foreign sources.

### **Optional redemption**

Generally, if the Issuer has an option to redeem a Note or a US Holder has an option to cause a Note to be repurchased prior to the Note's stated maturity, the option will be presumed to be exercised if, utilizing an early redemption or repurchase and the amount payable on such date, the yield on the Note would (i) in the case of an option of the Issuer, be lower than its yield to stated maturity, or (ii) in the case of an option of the US Holder, be higher than its yield to stated maturity. A determination of the payment schedule most likely to occur is binding upon all US Holders of the Notes except for a US Holder that explicitly discloses on its US federal income tax return for the taxable year in which it acquired the Note that it has determined the yield and maturity of the Note on a different basis. If the option is not exercised when presumed to be exercised, the Note would be treated as if it were repurchased or redeemed and a new Note were issued on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date.

### **Market discount**

If the stated redemption price at maturity of a Note exceeds a US Holder's tax basis in the Note by more than a de minimis amount, the Note (other than a Short-Term Note) will have market discount. A Note generally will not have market discount if such excess is less than  $\frac{1}{4}$  of 1% of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity.

Generally, a US Holder will treat gain that it recognizes on the sale or other disposition of a Note as ordinary income to the extent of the market discount accrued while such US Holder held the Note. Alternatively, a US Holder may elect to report accrued market discount as income annually over the term of the Note. If a US Holder makes this election, it will apply to all debt instruments with market discount that the electing US Holder holds or acquires as of the beginning of that taxable year. A US Holder may not revoke this election without the consent of the IRS.

A US Holder will accrue market discount on a Note on a straight-line method unless it elects a constant-yield method. If a US Holder makes this election, it will apply only to the Note with respect to which it is made and the US Holder may not revoke it.

Furthermore, unless a US Holder elects to include market discount in income on a current basis as described above, a US Holder of a Note having market discount may be required to defer the deduction of all or a portion of the interest expense on any debt incurred or maintained to purchase or carry such Note.

In the case of a Note denominated in a currency other than US dollars, (i) market discount is determined in units of the relevant foreign currency, (ii) accrued market discount required to be taken into account on the maturity or earlier disposition of a Note is translated into US dollars at the spot rate on maturity or earlier date of disposition of the Note (and no part of such market discount is treated as exchange gain or loss), and (iii) accrued market discount currently includible in income by a US Holder is translated into US dollars at the average exchange rate for the accrual period, and exchange gain or loss is determined on the maturity or earlier date of disposition of the Note in the manner described in “*Foreign Currency Notes*” above, with respect to computation of exchange gain or loss on the receipt of accrued interest.

### **Bond premium**

A US Holder that has a tax basis in a Note that is greater than its principal amount may elect to treat the excess as amortizable bond premium. If a US Holder makes this election, it will reduce the amount required to be included in income each year with respect to interest on the Note by the amount of amortizable bond premium allocable to that year. If a US Holder makes an election to amortize bond premium, it will apply to all the debt instruments of a US Holder with bond premium that the electing US Holder holds or acquires as of the beginning of that taxable year. A US Holder may not revoke this election without the consent of the IRS.

In the case of a Note denominated in a currency other than US dollars, bond premium is computed in units of the relevant foreign currency and amortizable bond premium reduces interest income in units of such foreign currency. At the time amortizable bond premium offsets interest income, foreign currency exchange gain or loss (taxable as ordinary income or loss, but not generally as interest income or expense) is realized based on the difference between spot rates at that time and at the time of the acquisition of the Note.

If a Note can be optionally redeemed after the US Holder acquires it at a price in excess of its principal amount, special rules would apply that could result in a deferral of the amortization of some bond premium until later in the term of the Note.

With respect to a holder that does not elect to amortize bond premium, the amount of bond premium constitutes a capital loss when the bond matures. In the case of a Note denominated in a currency other than US dollars, foreign currency exchange gain or loss with respect to the premium is realized based on the difference between the spot rates on the sale or other disposition of the Note and at the time of the acquisition of the Note. In such case, the amount of any capital loss relating to the premium may be offset or eliminated by exchange gain.

Special rules apply to Notes issued with OID that are purchased at a premium.

### **Disposition of the notes**



A US Holder generally will recognize capital gain or loss upon a sale or other disposition of a Note in an amount equal to the difference between the amount realized from such disposition (less any accrued unpaid qualified stated interest, which will be taxable as such to the extent not previously included in income) and the US Holder's adjusted tax basis in the Note. Gain or loss on the sale or other disposition of the Note generally will be long-term capital gain or loss if the Note has been held for more than a year. Special rules apply to gains or losses on Contingent Debt Obligations as described above.

A US Holder's adjusted tax basis in a Note generally will equal the US Holder's cost of the Note, increased by any accrued market discount or OID included in income and decreased by the amount of any amortized bond premium or payment (other than qualified stated interest) received with respect to the Note. The cost of a Note denominated in a currency other than US dollars will be the US dollar value of the currency on the date of purchase determined at the spot rate.

A US Holder that receives currency other than US dollars upon sale or other disposition of the Notes will realize an amount equal to the US dollar value of the currency on the date of sale. If the Notes are traded on an established securities market, a cash basis US Holder or electing accrual basis taxpayer will determine the amount realized on the settlement date. A US Holder will have a tax basis in the currency equal to the US dollar amount realized. Any gain or loss realized by a US Holder on a subsequent conversion of currency for US dollars will be US source ordinary income or loss.

The election available to accrual basis US holders in respect of the sale of Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

In the case of a Note denominated in a currency other than US Dollars, to the extent recognized gain or loss is attributable to changes in the exchange rates with respect to the relevant foreign currency between the date of acquisition and disposition of the Note, the exchange gain or loss will be treated as US source ordinary income or loss and generally will not be considered additional interest income or expense. However, exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction. Generally, any gain or loss realized on the transaction in excess of such exchange gain or loss will be US source capital gain or loss and will be long-term capital gain or loss if the Note has been held for more than one year.

For US federal income tax purposes, a substitution of obligors under the Notes, as described under "*Terms and Conditions of the Senior Notes—Substitution of the Issuer*" and "*Terms and Conditions of the Subordinated Notes—Substitution of the Issuer*", may be treated as a deemed taxable exchange of Notes for new Notes issued by the Substituted Debtor. If the substitution of obligors were treated as a deemed taxable exchange, a US Holder generally would recognize capital gain or loss in an amount equal to the difference between the issue price of the new Notes and the US Holder's adjusted tax basis in the Notes. In addition, other possible adverse tax consequences may apply. US Holders should consult their own tax advisers regarding the US federal income tax consequences of a deemed taxable exchange in the event of a substitution of obligors.

### **Medicare Contribution Tax**

For the tax years beginning after 31 December 2012, (i) interest (including OID, if any) received on a Note and (ii) gain realized on the disposition of a Notes will generally be includible in "net

investment income" for purposes of the Medicare contribution tax imposed on certain individuals, estates and trusts.

**Information reporting and backup withholding**

Payments of interest (including OID, if any), principal, premium, or the proceeds from sale of Notes that are made within the United States or through certain US related financial intermediaries may be reported to the IRS unless the Holder is a US Holder that is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if a US Holder fails to provide an accurate taxpayer identification number, or to otherwise establish a basis for exemption. A US Holder can claim a credit against US federal income tax liability for amounts withheld under the backup withholding rules, and it can claim a refund of amounts in excess of its liability by providing required information to the IRS in a timely manner. Prospective investors should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

Certain US Holders are required to report information with respect to their investment in Notes not held through an account with a US financial institution to the IRS. Investors who fail to report required information are subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors regarding the implications of this legislation on their investment in Notes.

A US Holder may be required specifically to report a sale, retirement or other taxable disposition of Notes to the IRS if it recognizes a loss over a threshold amount, including a foreign currency loss from a single transaction that exceeds, in the case of an individual or trust, US\$50,000 in a single taxable year or, in other cases, various higher thresholds. US Holders that recognize a loss on a Note should consult their tax advisors.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES.**

## BENEFIT PLAN INVESTOR CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan (a “**plan**”) subject to the US Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), should consider the fiduciary standards of ERISA in the context of the plan’s particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the plan, and whether the investment would involve a prohibited transaction under Section 406 of ERISA or Section 4975 of the US Internal Revenue Code of 1986, as amended (the “**Code**”).

Section 406 of ERISA and Section 4975 of the Code prohibit plans, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Code (also “**plans**”) from engaging in certain transactions involving “**plan assets**” with persons who are “parties in interest” under ERISA or “disqualified persons” under the Code (“**parties in interest**”) with respect to the plan or account. A violation of these prohibited transaction rules may result in civil penalties or other liabilities under ERISA and/or an excise tax under Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Certain employee benefit plans and arrangements including those that are governmental plans (as defined in section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-US plans (as described in Section 4(b) (4) of ERISA) (“**non-ERISA arrangements**”) are not subject to the requirements of Section 404 of ERISA or Section 4975 of the Code but may be subject to similar provisions under applicable federal, state, local, non-US or other regulations, rules or laws (“**similar laws**”).

The acquisition of the Notes by a plan with respect to which the Issuer or certain of its affiliates is or becomes a party in interest may constitute or result in a prohibited transaction under Section 404 of ERISA or Section 4975 of the Code, unless those Notes are acquired pursuant to and in accordance with an applicable exemption. The US Department of Labor has issued prohibited transaction class exemptions, or “**PTCEs**”, that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of the Notes. These class exemptions (as may be amended from time to time) include, without limitation: (1) PTCE 84-14, an exemption for certain transactions determined or effected by independent qualified professional asset managers; (2) PTCE 90-1, an exemption for certain transactions involving insurance company pooled separate accounts; (3) PTCE 91-38, an exemption for certain transactions involving bank collective investment funds; (4) PTCE 95-60, an exemption for transactions involving certain insurance company general accounts; and (5) PTCE 96-23, an exemption for plan asset transactions managed by in-house asset managers. In addition, ERISA Section 408(b) (17) and Section 4975(d)(20) of the Code provides a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any plan involved in the transaction and provided further that the plan pays not more than adequate consideration in connection with the transaction (the so-called “service provider exemption”). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving the Notes.

Accordingly, the Notes may not be purchased or held by (1) any plan, (2) any entity whose underlying assets include, or are deemed for purposes of ERISA or the Code to include “plan assets” by reason of any plan’s investment in the entity (a “**plan asset entity**”) or (3) any person

investing “plan assets” of any plan, unless in each case the purchaser or Holder is eligible for exemptive relief. Any purchaser or Holder of the Notes or any interest in the Notes will be deemed to have represented by its purchase and holding of the Notes that either (1) it is not a plan or a plan asset entity and is not purchasing those Notes on behalf of or with “plan assets” of any plan or plan asset entity or (2) such purchase and holding of the Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. In addition, any purchaser or Holder of the Notes or any interest in the Notes which is a non-ERISA arrangement will be deemed to have represented by its purchase and holding of the Notes that its purchase and holding will not violate the provisions of any similar law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing the Notes on behalf of or with “plan assets” of any plan, plan asset entity or non-ERISA arrangement consult with their counsel regarding the availability of exemptive relief under any of the PTCEs listed above or any other applicable exemption, or the potential consequences of any purchase or holding under similar laws, as applicable.

Each purchaser and Holder of the Notes has exclusive responsibility for ensuring that its purchase and holding of the Notes does not violate the prohibited transaction rules of ERISA, the Code or any similar laws. The sale of any Notes to a plan, plan asset entity or non-ERISA arrangement is in no respect a representation by the Issuer or any of its affiliates or representatives that such an investment meets all relevant requirements with respect to plans, plan asset entities or non-ERISA arrangements generally or any particular plan, plan asset entity or non-ERISA arrangement, or that such an investment is appropriate for plans, plan asset entities or non-ERISA arrangements generally or any particular plan, plan asset entity or non-ERISA arrangement.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL ERISA AND OTHER US MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISORS ABOUT THE CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES.**

## PLAN OF DISTRIBUTION

The Notes are being offered on a continuous basis for sale by (i) the Issuer through an agent acting as principal for its own account for resale to investors and other purchasers, to be determined by such agent or (ii) the Issuer, who has reserved the right to sell, solicit and accept offers to purchase, Notes directly on its own behalf. Any such agent would be appointed in accordance with a Private Placement Agreement, (each an “**Agent**”), in which it would agree to solicit offers to purchase the Notes pursuant to a Private Placement Agreement or such other arrangements as may be entered into from time to time, if applicable. The Issuer will pay the applicable Agent a commission which will equal a percentage of the principal amount of any such Note sold through such Agent or such other commissions as may be agreed from time to time between the Issuer and such Agent. The Issuer may also sell Notes to an Agent, as principal, at a discount from the principal amount thereof, and such Agent may later resell such Notes to investors at varying prices related to prevailing market prices at the time of sale as determined by such Agent. The Issuer may also sell Notes directly to, and may solicit and accept offers to purchase directly from, investors on its own behalf in those jurisdictions where it is authorized to do so.

ABN AMRO Bank is not a registered broker-dealer in the United States and, therefore, to the extent that it intends to effect any offers or sales of the Notes in the United States, it will do so through ABN AMRO Securities (USA) LLC or another U.S. registered broker-dealer in accordance with applicable securities laws and as permitted by FINRA regulation. Accordingly, ABN AMRO Bank, as Agent, will offer and sell Notes outside the United States only.

In addition, an Agent may offer any such Notes it has purchased as principal to other Agents. An Agent may sell Notes to any Agent at a discount. Unless otherwise indicated in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, any Note sold to an Agent as principal will be purchased by such Agent at a price equal to 100% of the principal amount thereof less a commission to be agreed, and may be resold by such Agent to investors and other purchasers from time to time in one or more transactions, including negotiated transactions, at a fixed offering price or at varying prices determined at the time of sale or may be resold to certain Agents as described above. After the initial offering of Notes to be resold to investors and other purchasers on a fixed offering price basis, the offering price, concession and discount may be changed.

The Issuer reserves the right to withdraw, cancel or modify the offer made hereby without notice and may reject orders in whole or in part whether placed directly with the Issuer or through an Agent. Each Agent will have the right, in its discretion reasonably exercised, to reject any offer to purchase Notes received by it, in whole or in part.

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

over-allotment must be conducted by the relevant Stabilizing Manager(s) (or person(s) acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

None of the Issuer or, to the extent so appointed, Agents, makes any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraph may have on the price of notes. In addition, neither the Issuer nor any of the Agents makes any representation that such Agents will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

The Issuer has agreed to indemnify any Agents severally against and to make contributions relating to certain liabilities, including liabilities under the Securities Act. An Agent appointed under this Program may engage in transactions with, or perform services for, the Issuer in the ordinary course of business.

Prior to the offering of a particular issuance of Notes, there may not be an active markets for such Notes. From time to time, an Agent appointed under this program may make a market in the Notes as permitted by applicable laws and regulations, but any such Agent will have no obligation to do so, and any such market making activities with respect to the Notes may be discontinued at any time without notice. There can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops.

Certain of the Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In the ordinary course of their business activities, some of the Agents or their affiliates may have, directly or indirectly, performed investment and/or commercial banking or financial advisory services for ABN AMRO Bank or its affiliates, for which they may have received customary fees and commissions, and they expect to provide these services to ABN AMRO Bank and its affiliates in the future, for which they may also receive customary fees and commissions. In addition, in the ordinary course of their business activities, the Agents and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Agents or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Agents and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Program. Any such short positions could adversely affect future trading prices of Notes issued under the Program. The Agents and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and financial instruments.

The Notes are not being registered under the Securities Act and are being offered and sold in reliance upon Regulation S under the Securities Act and the exemptions from registration provided by Section 4(a)(2) of the Securities Act and Rule 144A promulgated thereunder. The Notes are being offered hereby only (A) to QIBs in reliance on Rule 144A or the exemption provided by Section 4(a)(2) of the Securities Act and (B) outside the United States to persons

other than US Persons (as defined in Regulation S) in offshore transactions in reliance upon Regulation S. The minimum principal amount of Notes which may be purchased for any account is US\$200,000 (or the equivalent thereof in another currency or composite currency, or in the case of Foreign Currency Notes, 1,000 units of such currency, if such Notes are clearing through DTC) but so that in no event the minimum denomination will be lower than EUR 100,000.

Prior to any issuance of Notes in reliance on Regulation S, each Agent appointed under this program will be deemed to represent and agree that:

***Public Offer Selling Restriction***

1. in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), that with effect from and including the date (the "**Relevant Implementation Date**") on which the Prospectus Directive is implemented in that Relevant Member State, it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of the previous paragraph, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable a prospective investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State, and "**2010 PD Amending Directive**" means Directive 2010/73/EU.

2. In relation to each Tranche of Notes to be issued by the Issuer under the Programme, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the SFO (Cap. 571) of Hong Kong (the "**SFO**"), other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "Prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

3. This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

4. The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan Act No. 25 of 1948, or "the Financial Instruments and Exchange Law" and each Agent has agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.



5. With respect to offers and sales outside the United States, the Issuer will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from them during the distribution compliance period (as defined in Regulation S) a confirmation or notice substantially to the following effect:

“The Notes covered hereby have not been registered under the US Securities Act of 1933 and may not as a matter of US law be offered and sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S (or Rule 144A, if available) under the Securities Act. Terms used above have the meaning given to them by Regulation S”.

Until the expiration of the period ending 40 days after the later of the commencement of the offering and the date of issue of the Notes, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from Registration under the Securities Act. Furthermore, if any such Notes are sold within the United States or to, or for the account or benefit of, a US person (as defined in Regulation S) pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act, such person (i) must hold its interest in the Notes offshore through Euroclear or Clearstream, Luxembourg, as the case may be, until the expiration of the distribution compliance period (as defined in Regulation S) and (ii) upon the expiration of such distribution compliance period, must certify that it bought such Notes pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act.

6. With respect to offers and sales in the United Kingdom, each Agent appointed under this Program will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 2 of the Financial Services and Markets Act 2000 of England and Wales (the “FSMA”) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not apply to the Issuer if it were not an authorized person; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

7. Each Agent appointed under this Program will be required to agree that it will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms and/or Pricing Term Sheet in relation thereto to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

- (a) such offer is made exclusively to legal entities which are qualified investors (as defined in the Wft and which includes authorized discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in the Netherlands; or

- (b) standard exemption logo and wording are disclosed as required by article 5:20(5) of the Wft; or
- (c) such offer is otherwise made in circumstances in which article 5:20(5) of the Wft is not applicable,

provided that no such offer of Notes shall require the Issuer or any Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) an "**offer of Notes to the public**" in relation to any Notes in the Netherlands; and (ii) "**Prospectus Directive**", have the meaning given to them above in paragraph 1.

8. This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not, and each Agent appointed under the Program will be required to represent and agree that it has not and will not, publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

9. Each Agent appointed under the Program will be required to represent and agree with the Issuer that (i) this Base Prospectus will not be registered as a prospectus in terms of the South African Companies Act, 1973 in South Africa and as such, any offer of the Notes in South Africa may only be made if it shall not be capable of being construed as an offer to the public as envisaged by such Act (ii) any offer or sale of the Notes shall be subject to compliance with South African exchange control regulations.

10. The Notes have not been and will not be registered under the Securities and Exchange Act of Korea and each Agent appointed under the Program will be required to represent and Agree that none of the Notes may be offered or sold, directly or indirectly, in Korea or to any resident of Korea or to any persons for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its Enforcement Decree) except pursuant to an exemption from the registration requirements of the Securities and Exchange Act of Korea available thereunder and/or in compliance with applicable laws and regulations of Korea.

11. Each Agent appointed under the Program will be required to represent and agree that it will comply with all laws, regulations and guidelines applicable to the offering of Notes in Norway.

12. Each Agent appointed under this Program will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any

jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Agent appointed under the Program shall have any responsibility therefor.

The Issuer and any Agent appointed under the Program represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Agent will be required to comply with such other restrictions as the Issuer and the relevant Agent shall agree and as shall be set out in the applicable Final Terms and/or Pricing Term Sheet.

There is no undertaking to register the Notes hereafter and they cannot be resold except pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Each purchaser of the Notes offered hereby in making its purchase shall be deemed to have made the acknowledgments, representations and agreements as set forth under *“Notice to Purchasers”*.

## **LEGAL MATTERS**

Certain matters with respect to the establishment of the Program and the issue of the Notes thereunder have been passed upon for the Issuer by its United States and Dutch counsel, Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ, United Kingdom. Certain legal matters relating to establishment of the Program and the issue of Notes thereunder have been passed upon for the Agents by their U.S. counsel, Sidley Austin LLP, Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA, United Kingdom and their Dutch counsel, Allen & Overy LLP, Apollolaan 15, 1077 AB Amsterdam, The Netherlands.

## GENERAL INFORMATION

### Authorization

The establishment of, and the issue of Notes under, the Program have been duly authorized by a resolution of the Supervisory Board and Managing Board of the Issuer dated 6 April 2010 and 10 May 2010, respectively. All consents, approvals, authorizations or other orders of all regulatory authorities required by the Issuer under the laws of the Netherlands have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Amended and Restated Private Placement Agreement, the Senior Note Agency Agreement, the Subordinated Note Agency Agreement and the Notes.

### Corporate information

ABN AMRO Bank N.V. was incorporated on 9 April 2009. ABN AMRO Bank N.V. is a private limited liability company incorporated under the laws of the Netherlands and has its statutory seat in Amsterdam, the Netherlands and its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands. ABN AMRO Bank N.V. is registered with the Trade Register of the Amsterdam Chambers of Commerce under number 34334259.

### Shareholder and change of control

ABN AMRO Group N.V. is ABN AMRO Bank's sole shareholder. Following the Legal Merger, ABN AMRO Bank is the only direct subsidiary of ABN AMRO Group N.V. and ABN AMRO Group N.V. has no significant activities other than holding the shares in ABN AMRO Bank. The managing board and the supervisory board of ABN AMRO Group N.V. are composed of the same members as ABN AMRO Bank. See "*The Issuer—Management and Governance*".

On 11 March 2013, ABN AMRO Group N.V. exercised the call option to repurchase EUR 210 million preference shares in the share capital of ABN AMRO Group N.V. held by ABN AMRO Preferred Investments B.V. in accordance with the announcement made on 1 March 2013. The transaction was settled that same day. ABN AMRO Group N.V. cancelled the repurchased shares in May 2013. The repurchase of the preference shares resulted in a simplification of the shareholder structure of ABN AMRO Group N.V. As a result of the transaction, NLFI is the sole shareholder of ABN AMRO Group N.V. by holding all ordinary shares in its share capital. See "*The Issuer—Management and Governance*".

### Listing

Application has been made to Euronext in Amsterdam for Notes issued under the Program and up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading and to be listed on Euronext in Amsterdam.

### Documents available

So long as Notes are capable of being issued under the Program, copies of the following documents will, when published, be available, free of charge, from the registered office of the Issuer:

- (i) an English translation of the most recent Articles of Association of the Issuer;

- (ii) copies of the documents listed under “*Documents Incorporated by Reference*”;
- (iii) the most recently available audited financial statements of ABN AMRO Group N.V. and the most recently available unaudited interim financial statements of the ABN AMRO Group N.V.;
- (iv) the Senior Note Agency Agreement (which contains the forms of the Senior Notes);
- (v) the Subordinated Agency Agreement (which contains the forms of the Subordinated Notes);
- (vi) a copy of this Base Prospectus and any supplements thereto; and
- (vii) in the case of each issue of listed Notes subscribed, the applicable Final Terms and/or Pricing Term Sheet.

A copy of the 403 Declaration is available for inspection at the Trade Register of the Chamber of Commerce in Amsterdam, De Ruyter Kade 5, PO Box 1000 CW, Amsterdam, The Netherlands.

## Notices

All notices regarding the Notes shall be in accordance with any applicable rule or regulation or decree by a governmental body and the rules and customary procedures of the Stock Exchange or applicable clearing system and need not be given by mail unless required by the rules of the Stock Exchange or applicable clearing system. See also Condition 12 (*Notices*) of the Senior Notes and Condition 12 (*Notices*) of the Subordinated Notes.

## Information Sourced from a third party

All information presented in this Prospectus sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading.

## Issuer ratings

Credit rating agencies periodically review the creditworthiness and publish ratings which assess the level of risk attached to debt instruments. Credit ratings on ABN AMRO Bank N.V. (or their legal predecessors) are presented in the table below.

Corporate rating	S&P	Moody's	Fitch	DBRS
Long term credit rating	A	A2	A+	A(high)
Outlook long term credit rating	Stable	Negative	Negative	Stable
Short term credit rating	A-1	P-1	F1+	R-1(middle)

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Notes issued under this Program may be rated or unrated. Subordinated Notes issued under the Program may be lower rated than the corporate rating on ABN AMRO Bank N.V.

## **Clearing and settlement systems**

The Notes may be accepted for clearance through DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system (which will be the entity in charge of keeping the records). The appropriate CUSIP number, together with ISIN's and Common Codes, if applicable, will be contained in the Pricing Term Sheet or Final Terms, as the case may be, relating thereto. The applicable Pricing Term Sheet or Final Terms, as the case may be, shall specify each clearing system which has accepted the relevant Notes for clearance together with any further appropriate information. See also the more detailed discussion of settlement arrangements for the Notes under "*Book Entry, Delivery, Form and Settlement—Depositary Procedures*".

The address of DTC is 55 Water Street, New York, New York 10041, USA, the address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

## **Conditions for determining price**

The price and amount of any issue of Notes to be issued under the Program will be determined by the Issuer and the relevant Agent at the time of issue in accordance with prevailing market conditions.

## **Significant or material change**

There has been no (i) material adverse change in the Issuer's prospects or (ii) significant change in the financial position of the Issuer and its subsidiaries since 31 December 2012.

There has been no (i) material adverse change in the ABN AMRO Group's prospects or (ii) significant change in the financial position of the ABN AMRO Group and its subsidiaries since 31 December 2012.

## **Independent Auditor**

The consolidated annual financial statements of ABN AMRO Group N.V. as of 31 December 2012, and for the year then ended, incorporated by reference in this Base Prospectus, have been audited by KPMG Accountants N.V., independent auditors ("**KPMG**"), as stated in their report appearing herein. The consolidated annual financial statements of ABN AMRO Group N.V. as of 31 December 2011 (including the comparative 2010), and for the year then ended, incorporated by reference in this Base Prospectus, have been audited by KPMG, as stated in their report appearing herein. The individual auditors of KPMG are members of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*). KPMG has given, and has not withdrawn, its consent to the inclusion of its report in this Base Prospectus in the form and context in which it is included. As the offered Notes have not been and will not be registered under the Securities Act of 1933, KPMG Accountants N.V. has not filed a consent under the Securities Act of 1933.

## **Post-issuance information**

Save as set out in the Final Terms and/or Pricing Term Sheet and other information described under "*Available Information*", the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

### **Substitution of the Issuer**

The Issuer may, under certain conditions, as set out in “*Terms and Conditions of the Senior Notes*” and “*Terms and Conditions of the Subordinated Notes*”, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer.

### **Legal and arbitration proceedings**

ABN AMRO is involved in a number of governmental, legal and arbitration proceedings in the ordinary course of its business in a number of jurisdictions, including those set out in “*The Issuer—Legal and arbitration proceedings*”. However, on the basis of information currently available, and having taken legal counsel with advisors, ABN AMRO is of the opinion that it is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ABN AMRO or the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of ABN AMRO, the Issuer and/or its subsidiaries.



## DEFINITIONS

In this Base Prospectus, unless the context otherwise requires:

**"ABN AMRO"** or the **"Group"** refers to ABN AMRO Group N.V. incorporated on 18 December 2009 (**"ABN AMRO Group"**) and its consolidated subsidiaries.

**"ABN AMRO Bank"** or the **"Issuer"** refers to ABN AMRO Bank N.V. incorporated on 9 April 2009 (formerly known as "ABN AMRO II N.V.").

**"ABN AMRO Bank Standalone"** refers to ABN AMRO Bank N.V. in the period between the Legal Demerger on 6 February 2010 and the Legal Merger on 1 July 2010, which contained the Dutch State-acquired businesses of the ABN AMRO Holding.

**"ABN AMRO Holding"** refers to ABN AMRO Holding N.V. and its consolidated subsidiaries which was acquired by the Consortium and renamed RBS Holdings N.V. upon the Legal Separation. **"RBS Holdings N.V."** is part of The Royal Bank of Scotland Group plc.

**"Ageas"** refers to ageas SA/NV (formerly known as "Fortis SA/NV") and ageas N.V. (formerly known as "Fortis N.V.") together.

**"BNP Paribas Fortis."** refers to Fortis Bank SA/NV, a consolidated subsidiary of BNP Paribas Group.

**"Consolidated Annual Financial Statements 2011"** refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2011 (as set out on pages 149 to 155 in relation to the financial statements 2011, including the notes to the consolidated annual financial statements as set out on pages 156 to 269, pages 76 to 109 (certain information in Chapter 8 (Risk management)), pages 110 to 117 (certain information in Chapter 9 (Capital Management)), pages 118 to 131 (certain information in Chapter 10 (Liquidity and funding)) and the auditors' report thereon on pages 273 and 274, all as included in ABN AMRO Group N.V.'s Annual Report 2011).

**"Consolidated Annual Financial Statements 2012"** refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2012 (as set out on pages 217 to 223 in relation to the financial statements 2012, including the notes to the financial statements as set out on pages 224 to 335, pages 128 to 185 (certain information in Chapter 17 (Risk management)), pages 186 to 195 (certain information in Chapter 18 (Capital management)), pages 196 to 208 (certain information in Chapter 19 (Liquidity & funding)), pages 209 to 214 (certain information in Chapter 20 (Securitisation)) and the auditors' report thereon on pages 339 and 340, all as included in ABN AMRO Group N.V.'s Annual Report 2012).

**"Consortium"** refers to The Royal Bank of Scotland Group plc, Ageas and Banco Santander S.A. which jointly acquired ABN AMRO Holding on 17 October 2007 through RFS Holdings B.V. (**"RFS Holdings"**).

**"Dutch State"** refers to the State of the Netherlands.

**"Dutch State-acquired businesses"** refers to the businesses of ABN AMRO Holding acquired by the Dutch State.

**"EC Remedy"** refers to the divestment of the EC Remedy Businesses by ABN AMRO Bank Standalone in order to satisfy the conditions imposed by the European Commission for approval of the integration of FBN with ABN AMRO Bank Standalone through the Legal Merger.

**"EC Remedy Businesses"** refers to New HBU II, N.V. ("**HBU II**") and IFN Finance BV ("**IFN Finance**").

**"FBN"** refers to the legal entity Fortis Bank (Nederland) N.V., previously named "Fortis Bank Nederland (Holding) N.V.", which merged with ABN AMRO Bank Standalone pursuant to the Legal Merger.

**"Former ABN AMRO Group"** refers to the former group of ABN AMRO headed by ABN AMRO Holding N.V. as acquired on 17 October 2007 by a consortium of banks through RFS Holdings B.V.

**"Former Fortis group"** refers to the former group of companies headed by Fortis SA/NV (renamed "ageas SA/NV") and Fortis N.V. (renamed "ageas N.V.").

**"Legal Demerger"** refers to the legal demerger effectuated on 6 February 2010 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 formerly held by RBS N.V. into ABN AMRO Bank Standalone.

**"Legal Merger"** refers to the legal merger effectuated on 1 July 2010 between ABN AMRO Bank Standalone and FBN. ABN AMRO Bank Standalone was the surviving entity and FBN was the disappearing entity.

**"Legal Separation"** refers to the transfer on 1 April 2010 of the shares of ABN AMRO Bank Standalone from ABN AMRO Holding to ABN AMRO Group N.V.

**"Prospectus Supplement"** refers to any supplement to the Base Prospectus.

**"RBS N.V."** refers to The Royal Bank of Scotland N.V., formerly known ABN AMRO Bank N.V. prior to the Legal Demerger.

**"2010 PD Amending Directive"** means Directive 2010/73/EU.

## Abbreviations

AFM	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)
ALM	Asset & Liability Management
bp	Basis point
CD	Certificate of Deposit
CFO	Chief Financial Officer
CRD	(the EU's) Capital Requirements Directive
CVA	Credit Value Adjustment
DNB	De Nederlandsche Bank N.V. (Dutch Central Bank)
DTC	The Depository Trust Company
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
ECT	Energy, Commodities & Transportation
EU	European Union
EUR	Euro
FBN	Fortis Bank Nederland
FTE	Full-time equivalent (a measurement of number of staff)
GAAP	General Accepted Accounting Principles
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
ICC	(ABN AMRO's) Integration, Communication & Compliance
ID&JG	International Diamond & Jewelry Group
IFRS-EU	International Financial Reporting Standards, as they have been endorsed by the European Commission
ILAAP	Internal Liquidity Adequacy Assessment Process
IRB	Internal Rating Based (approach)
IT	Information Technology
LC&MB	(ABN AMRO's) Large Corporates & Merchant Banking
LIBOR	London Interbank Offered Rate
M&A	Mergers & Acquisitions
MiFID	(the EU's) Markets in Financial Instruments Directive
NHG	National Hypotheek Garantie (Dutch State guaranteed mortgages)
NLFI	NL Financial Investments (foundation)
NSS	New Safekeeping Structure
OTC	Over-the-counter
PD	Probability of Default
RARORAC	Risk-Adjusted Return on Risk-Adjusted Capital
RBS	The Royal Bank of Scotland plc
RMBS	Residential Mortgage Backed Securitization
RM&S	(ABN AMRO's) Risk Management & Strategy
R&PB	Retail & Private Banking
RWA	Risk-weighted assets
SA	Standardized Approach
SCE	Special component of equity
SEC	(US) Securities and Exchange Commission
SMEs	Small to medium-sized enterprises

SREP	Supervisory Review and Evaluation Process
TOPS	(ABN AMRO's) Technology, Operations & Property Services
UCITS	Undertakings for Collective Investment in Transferable Securities (directives)
USD	US dollar
VaR	Value-at-Risk

***Registered office of the Issuer***

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***Arrangers***

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***Agents***

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**UBS Securities LLC**

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**Independent Auditor**

*To ABN AMRO Group N.V. in relation to the ABN AMRO Group N.V.'s Consolidated Annual  
Financial Statements 2011 and 2012*

**KPMG Accountants N.V.**  
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