



ABN AMRO Bank N.V.

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

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 US 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 be unsecured obligations subordinated in right of payment to the claims of the Issuer’s higher ranked creditors as described in this Base Prospectus under “*Terms and Conditions of the Notes—Status and Subordination Terms relating to Subordinated Notes*”. The Agents have agreed to use reasonable best efforts to solicit purchases 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(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 Euronext Amsterdam by NYSE Euronext (“**Euronext 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 17 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.

ABN AMRO Bank

Barclays Capital
Goldman, Sachs & Co.

BofA Merrill Lynch
J.P. Morgan

Morgan Stanley

Citi
RBS

Deutsche Bank Securities
UBS Investment Bank

TABLE OF CONTENTS

	<i>Page</i>
SUMMARY	1
OVERVIEW OF THE PROGRAM AND TERMS AND CONDITIONS OF THE NOTES	9
RISK FACTORS	17
IMPORTANT INFORMATION	34
DOCUMENTS INCORPORATED BY REFERENCE	37
AVAILABLE INFORMATION	38
FORWARD-LOOKING STATEMENTS	39
ENFORCEMENT OF CIVIL LIABILITIES; SERVICE OF PROCESS	41
EXCHANGE RATE AND CURRENCY INFORMATION	42
USE OF PROCEEDS	43
PRESENTATION OF FINANCIAL INFORMATION	44
CAPITALIZATION AND INDEBTEDNESS	49
DESCRIPTION OF THE BUSINESS	50
OPERATING AND FINANCIAL REVIEW	61
RISK AND CAPITAL MANAGEMENT	89
REGULATION	100
GOVERNANCE	104
BOOK ENTRY, DELIVERY, FORM AND SETTLEMENT	109
FORM OF FINAL TERMS	118
TERMS AND CONDITIONS OF THE NOTES	132
SPECIAL PROVISIONS RELATING TO FOREIGN CURRENCY NOTES	165
TAXATION	166
BENEFIT PLAN INVESTOR CONSIDERATIONS	176
PLAN OF DISTRIBUTION	178
LEGAL MATTERS	182
GENERAL INFORMATION	183
DEFINITIONS	186
GROUP INTERIM FINANCIAL INFORMATION	F-1
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	F-7

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(2) OF THE SECURITIES ACT AND RULE 144A PROMULGATED THEREUNDER AND OUTSIDE THE UNITED STATES TO CERTAIN PERSONS IN RELIANCE ON REGULATIONS 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 Amsterdam and the Dutch *Autoriteit Financiële Markten* (“AFM”), which has disclosure requirements that are different from those of the United States. In particular, while this Base Prospectus incorporates by reference the reviewed consolidated semi-annual financial statements of ABN AMRO Group for the six month period ended 30 June 2010 as set out in ABN AMRO Group’s Interim Financial Statements 2010 (the “Group Interim Financial Information”), this Base Prospectus does not include a consolidated pro forma presentation of the financial results of ABN AMRO Bank Standalone and Fortis Bank (Nederland) N.V. following completion of the Legal Merger (as defined in “*Description of the Business—Integration of ABN AMRO Bank Standalone and FBN—Legal Merger*”) or certain statistical disclosures, in each case 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 and/or International Financial Reporting Standards as issued by the International Accounting Standards Board, as applicable, 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. 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 \$100,000 (or the equivalent thereof in another currency or composite currency or in the case of Notes not denominated in US dollars (“**Foreign Currency Notes**”), 1,000 units of such currency, if

such Notes are clearing through DTC) and in integral multiples of US \$1,000 in excess thereof 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 12 November 2010, 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 “**qualified institutional buyer**” within the meaning of Rule 144A; (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 an employee benefit plan subject to the US Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), or a plan subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the “**Code**”), it is not purchasing the Notes on behalf of or with “**plan assets**” of any such plan, and it is not a governmental or church or other plan (“**non-ERISA arrangement**”) subject to provisions under applicable federal, state, local or foreign law that are similar to the requirements of ERISA or Section 4975 of the Code (“**similar law**”) or (B) its purchase and holding of such Notes is eligible for exemptive relief under US Department of Labor Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1, 84-14 or another applicable exemption 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) 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 of 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 LICENSE 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 LICENSED 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.

NOTICE TO INVESTORS IN THE NETHERLANDS

Notes in definitive form on which interest does not become due and payable whatsoever during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in The Netherlands Savings Certificates Act or *Wet inzake spaarbewijzen*, the “**SCA**”) may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam, admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, (iii) the transfer and acceptance of such notes (either in definitive form or as rights representing an interest in such note in global form) of any particular series or tranche issued outside The Netherlands and not distributed in The Netherlands in the course of initial distribution or immediately thereafter and (iv) the transfer and acceptance of rights representing an interest in a Global Certificate.

[THIS PAGE IS LEFT BLANK INTENTIONALLY]

SUMMARY

This summary 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. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (a “Member State”) no civil liability will attach to the Issuer in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Definitions

Due to the complex nature of ABN AMRO Bank’s recent corporate history, the following selected definitions are used throughout this Summary (see also “Definitions” on page 186 for a concise overview of the definitions used throughout this Base Prospectus):

“**ABN AMRO Bank**” or the “**Issuer**” refers to the legal entity containing the combined businesses of ABN AMRO Bank Standalone and Fortis Bank (Nederland) N.V. (“**FBN**”) after the Legal Merger (as defined herein).

“**ABN AMRO Bank Standalone**” refers to ABN AMRO Bank or the Issuer in the period between the Legal Demerger and the Legal Merger, which contained the Dutch State Acquired Businesses of the Former ABN AMRO Group. In the context of the pro forma financial information incorporated by reference herein the term refers to the Dutch State Acquired Businesses that in 2008 and 2009 were included in the Former ABN AMRO Group.

“**ABN AMRO Group**” incorporated on 10 December 2009, refers to the new ABN AMRO Group N.V., the parent company of ABN AMRO Bank and FBN since the Legal Separation and which is owned by the Dutch State.

“**Consortium**” refers to the banks The Royal Bank of Scotland Group plc (“**RBS Group**”), Fortis N.V. and Fortis SA/NV (together “**Fortis**”) and Banco Santander S.A. (“**Santander**”) who jointly acquired ABN AMRO Holding on 17 October 2007 through RFS Holdings B.V. (“**RFS Holdings**”).

“**EC Remedy**” refers to the divestment by ABN AMRO Bank Standalone of the EC Remedy Businesses 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**” or “**Divestment Businesses**” refers to New HBU II, NV (“**HBU II**”) and IFN Finance BV (“**IFN Finance**”).

“**Former ABN AMRO Group**” refers to the ABN AMRO Holding group of companies headed by ABN AMRO Holding N.V. as acquired on 17 October 2007 by a consortium of banks through RFS Holdings B.V.

“**Legal Demerger**” refers to the legal demerger (*juridische afsplitsing*) 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 the Former ABN AMRO Group from the RBS Group-acquired businesses of the Former ABN AMRO Group.

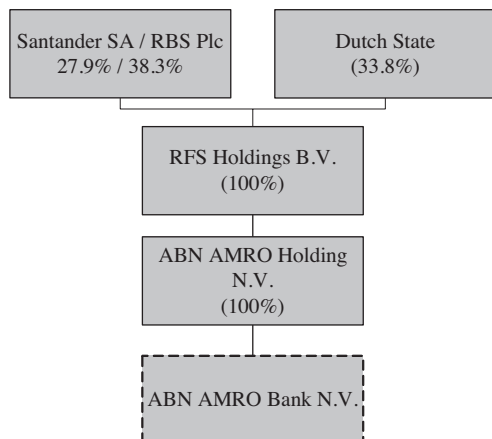
“**Legal Merger**” refers to the legal merger effectuated on 1 July 2010 between ABN AMRO Bank Standalone and FBN into a combined bank operating under the name ABN AMRO Bank N.V., following which ABN AMRO Bank Standalone was the surviving entity (*verkriggende vennootschap*) and FBN was the disappearing entity (*verdwijnde vennootschap*).

“**Legal Separation**” refers to the transfer of the shares in the share capital of ABN AMRO Bank Standalone by ABN AMRO Holding (renamed RBS Holdings N.V.) to ABN AMRO Group effective 1 April 2010.

Overview of Corporate Actions

The following diagrams detail the various corporate transactions leading to the present corporate structure of ABN AMRO Bank.

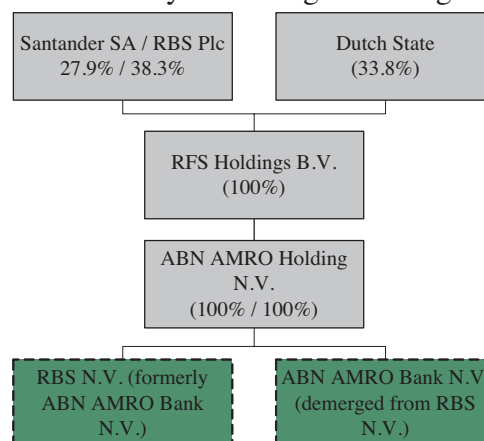
October 2008: ABN AMRO Bank



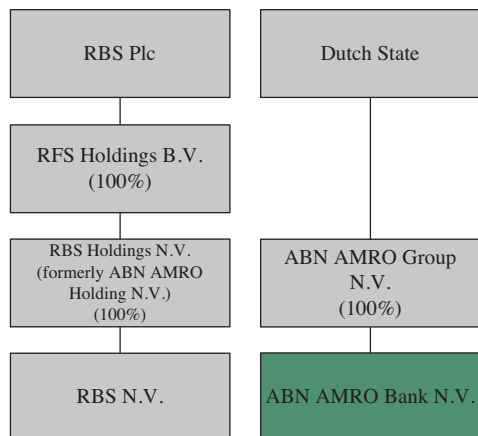
- 17 October 2007, ABN AMRO Holding N.V. (currently named RBS Holdings N.V.) acquired by the Consortium
- 3 October 2008, Dutch State acquires FBN from Fortis SA/NV, including FBN's interest in RFS Holdings (comprising Dutch commercial and consumer clients, Dutch international private clients including international diamond and jewelry group of ABN AMRO Bank) transferred to Dutch State

- 6 February 2010, Legal Demerger of Dutch State Acquired Businesses from RBS N.V. (formerly ABN AMRO Bank N.V.) to a new entity, ABN AMRO II N.V.
- ABN AMRO II N.V. renamed ABN AMRO Bank N.V. (the Issuer)

February 2010: Legal Demerger

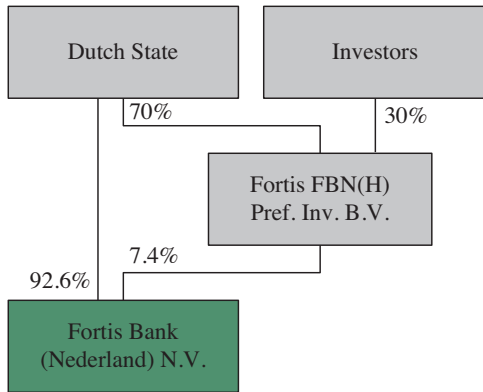


April 2010: Legal Separation



- 1 April 2010, transfer of shares in ABN AMRO Bank N.V. from ABN AMRO Holding N.V. (renamed RBS Holdings N.V.) to new entity, ABN AMRO Group

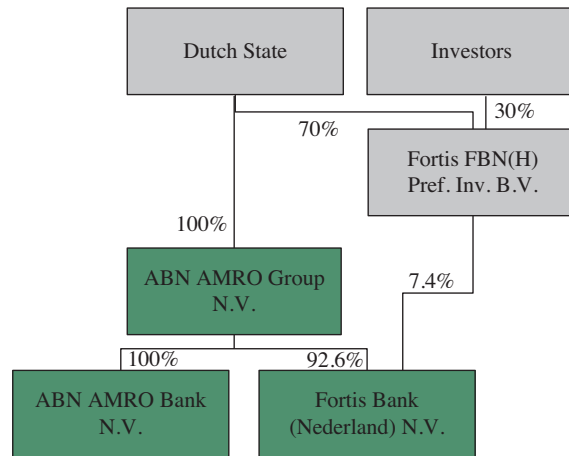
October 2008: FBN



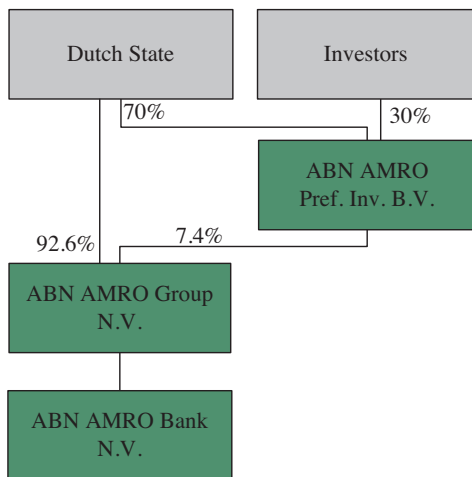
- 3 October 2008, Dutch State acquires FBN from Fortis SA/NV. in October 2008
- Announcement of proposed merger with ABN AMRO Bank in November 2008
- Simplification of legal structure during 2009

- 1 April 2010, shares in FBN transferred to ABN AMRO Group
- Joint management with ABN AMRO Bank

April 2010: Transfer to ABN AMRO Group



July 2010: Legal Merger



- 1 July 2010, ABN AMRO Bank and FBN merge, with ABN AMRO Bank as the surviving entity
- Integration and rebranding begins

Overview

ABN AMRO Bank provides a broad range of financial services through its Retail & Private Banking and Commercial & Merchant Banking businesses. ABN AMRO Bank conducts its operations primarily in The Netherlands and selectively abroad.

ABN AMRO Bank has 6.8 million customers, 28,000 employees, 500 branches in The Netherlands, 78 commercial client branches, 68 private banking branches (47 outside The Netherlands) and its own international network in 28 countries. ABN AMRO Bank seeks to maintain sustainable relationships with its Dutch clients, both as their primary bank in The Netherlands and for all their business abroad.

Retail Banking serves individuals, small businesses and self-employed people. It offers a wide variety of banking and insurance products and services through the branch network, online and via contact centers as well as through subsidiaries. Private Banking in the Netherlands operates under the ABN AMRO MeesPierson label. Private Banking operates in a select number of countries of Europe and Asia under the ABN AMRO label or under local brand names such as Neufilize and Delbruck Bettmann Maffei. ABN AMRO MeesPierson and ABN AMRO Private Banking offer private banking expertise and tailor-made wealth management services, including investment advice, financial planning, international estate planning, discretionary portfolio management, standard private banking services and insurance products.

Commercial & Merchant Banking offers customized financial advice and solutions to Dutch-based companies and their international operations. Its client base includes business start-ups, established small & medium enterprises (“SME”) and larger corporate clients, as well as public institutions, multinationals and institutional investors. It is organized along four business activities servicing defined client groups: Business Banking, Corporate Clients, Large Corporates & Merchant Banking and Markets. Marketing & Products is the central unit for marketing, communications, product management (loans, working capital and insurance) and sector advisory.

The segment Other includes support functions such as Finance (including ALM/Treasury), Technology Operations Property and Services, Risk Management & Strategy, Integration Communication & Compliance, Audit and the Corporate Secretariat.

Recent Developments

Pursuant to the Legal Merger, which became effective on 1 July 2010, the businesses that are now included in ABN AMRO Bank are a combination of the businesses of ABN AMRO Bank Standalone (which was previously part of the Former ABN AMRO Group headed by ABN AMRO Holding N.V.) and the businesses of FBN.

On 1 July 2010, ABN AMRO Bank Standalone and FBN merged pursuant to the Legal Merger (*juridische fusie*), following which ABN AMRO Bank was the surviving entity (*verkrijgende vennootschap*) and FBN was the disappearing entity (*verdwijvende vennootschap*). As a result of the Legal Merger, ABN AMRO Bank assumed all of the rights and obligations of FBN by operation of law under universal title (*onder algemene titel*). This also meant that all branches and subsidiaries of FBN became branches and subsidiaries of ABN AMRO Bank.

Integration

On 1 July 2010, the effective day of the Legal Merger, a major rebranding exercise took place where the Fortis Bank Nederland name was rebranded to ABN AMRO. Unlike the other businesses, Retail Banking will continue to use the Fortis Bank Nederland trade name for now, until the systems have been integrated. MeesPierson will operate under the name ABN AMRO MeesPierson. From 1 October 2010, the Fortis Bank brand is no longer being used in The Netherlands, as the brand belongs to BNP Paribas Fortis.

Financial Performance of ABN AMRO Group in the six month period ended 30 June 2010

Key developments during the six month period ended 30 June 2010 for ABN AMRO Group (reflecting the first interim financial statements prepared by ABN AMRO Group consolidating the businesses of ABN AMRO Bank Standalone and FBN for the first half of 2010) included:

- The reported net result in the first half of 2010 amounted to a loss of EUR 968 million, due mainly to the closing of the EC Remedy and separation, integration and restructuring costs
- Excluding these items, the underlying net result increased by 57% to EUR 325 million, compared with an underlying net profit of EUR 207 million in the first half of 2009
- This increase was driven by higher net interest income and lower impairments
- The underlying cost/income ratio moved from 71% to 75%, due to several large additions to the legal provision totaling EUR 265 million relating to international activities conducted in the past; excluding these, the underlying cost/income ratio improved to 68%.
- At 30 June 2010, the pro forma combined Tier 1 capital ratio and total capital ratio under Basel II were 12.3% and 17.0% respectively

Summary financial information of ABN AMRO Group for the six month period ended 30 June 2010

	Six month period ended 30 June			
	2010	2009	2010	2009
	<i>(Reported)</i>		<i>(Underlying)⁽¹⁾</i>	
	<i>(in millions of euros)</i>			
Net interest income	2,436	2,180	2,436	2,180
Non-interest income	401	1,665	1,213	1,302
Operating income	2,837	3,845	3,649	3,482
Operating expenses	(3,390)	(2,550)	(2,744)	(2,472)
Loan impairments	(348)	(772)	(348)	(772)
Profit/(loss) before taxation	(901)	523	557	238
Income tax expense	(67)	(103)	(232)	(31)
Profit/(loss) for the period	(968)	420	325	207
Assets Under Management	151,977	138,567		
Cost/income ratio	119%	66%	75%	71%
Risk Weighted Assets	120,152			
FTEs	27,870	30,341		

Note:

- (1) With respect to the Group Interim Financial Information, the figures reported are impacted by several items which are related to the separation of ABN AMRO Bank Standalone from RBS N.V. and FBN from the Former Fortis group and the integration of ABN AMRO Bank Standalone and FBN. As the reported results do not give a good indication of the underlying trends, the Group Interim Financial Information has been adjusted for these items. In the analysis presented in this Base Prospectus, the underlying figures for these periods are the reported figures excluding these items.

The following table reconciles reported profit/(loss) for the period with underlying profit/(loss) for the period for the years ended 31 December 2009 and 2008:

	Six month period ended 30 June	
	2010	2009
	<i>(in millions of euros)</i>	
Reported profit/(loss) for the period	(968)	420
<i>Less:</i>		
Transaction loss on sale of EC Remedy	812	–
Exceptional gain on cash settlement FCC	–	(271)
Net integration and separation costs	481	58
Net restructuring provisions	349	–
Net project costs in Retail & Private Banking	16	(5)
Net project costs in Commercial & Merchant Banking	11	2
Net project costs in Other	105	61
Total adjustments	1,293	(213)
Underlying profit/(loss) for the period	325	207

Risk Factors

Risks relating to ABN AMRO Bank's Business and Industry

- Conditions in the global financial markets and economy have yet to normalize and may materially adversely affect ABN AMRO Bank's business and profitability.
- Emergency measures designed to stabilize the European Union and the United States financial markets are beginning to wind down.
- The financial services industry is subject to intensive regulation, which is undergoing major changes.
- Markets may experience periods of high volatility accompanied by reduced liquidity, which may lead to market risk losses and adversely influence ABN AMRO Bank's ability to hedge its risks effectively.
- Lack of liquidity is a risk to ABN AMRO Bank's business and its ability to access sources of liquidity has been, and will continue to be, constrained.
- ABN AMRO Bank's business performance could be adversely affected if its capital is not managed effectively or if there are changes to capital adequacy and liquidity requirements.
- Changes in interest rates and foreign exchange rates may adversely affect ABN AMRO Bank's results.
- ABN AMRO Bank has significant counterparty risk exposure and exposure to systemic risks.
- ABN AMRO Bank's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.
- Increases in ABN AMRO Bank's allowances for loan losses may have an adverse effect on ABN AMRO Bank's results.
- ABN AMRO Bank operates in markets that are highly competitive. If ABN AMRO Bank is unable to perform effectively, its business and results of operations will be adversely affected.
- ABN AMRO Bank's businesses have a dominant concentration in The Netherlands.
- ABN AMRO Bank is subject to operational risks that could adversely affect its business.
- ABN AMRO Bank depends on the accuracy and completeness of information about customers and counterparties.

- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgments and estimates that may change over time or may ultimately not turn out to be accurate.
- ABN AMRO Bank's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may materially adversely affect its performance.
- ABN AMRO Bank is subject to legal risk, which may have an adverse impact on its results.
- ABN AMRO Bank is subject to reputational risk.
- ABN AMRO Bank's results of operations can be adversely affected by significant adverse regulatory developments and changes in tax laws.
- ABN AMRO Bank operates under the supervision of several regulators in various jurisdictions which may impose restrictions and conditions.
- Securities market volatility or downturns can adversely affect ABN AMRO Bank's banking activities.
- ABN AMRO Bank's risk management methods may leave it exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities.
- ABN AMRO Bank has obligations under defined benefit pension plans which are subject to factors outside its control.
- The Legal Demerger has resulted in a cross liability arrangement that requires ABN AMRO Bank to remain liable to creditors of RBS N.V. for certain monetary obligations of RBS N.V. in the event that RBS N.V. cannot meet such obligations.
- The 403 Declaration of ABN AMRO Group may provide limited economic benefit or recourse to investors.
- The Legal Demerger and Legal Separation (including in relation to the EC Remedy) and Legal Merger process creates additional risks for the Issuer's business and stability.
- ABN AMRO Banks may fail to realize the anticipated business growth opportunities, synergies and other benefits anticipated from the Legal Merger, which could result in a material adverse effect on its results of operations, financial condition and prospects.
- The Standalone Financial Information incorporated by reference should be read with caution. A full impact analyzes of the financial position and results of ABN AMRO Bank following the Legal Merger is not possible on the basis thereof.
- ABN AMRO Bank has not included certain statistical disclosures or pro forma information that would have been required in an offering registered under the Securities Act.
- An investor may not be able to effectively compare ABN AMRO Bank's future consolidated financial statements to the Standalone Financial Information.
- An investor may not be able to effectively compare the Group Interim Financial Information to the Standalone Financial Information and the Standalone Harmonized Financial Information 2010 to the Standalone Non-harmonized Financial Information 2009/2008.

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

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

Risks related to the structure of a particular issue of Notes

- The Notes may be subject to optional redemption by ABN AMRO Bank.
- Index Linked Notes and Dual Currency Notes are subject to factors outside the control of ABN AMRO Bank.
- Fixed/Floating Rate Notes may be converted at the discretion of ABN AMRO Bank.
- The price of Notes issued at a substantial discount or premium may be volatile.
- Holders of Subordinated Notes have limited rights to accelerate.
- The market value of income floating rate notes is more volatile than market values of other conventional floating note debt securities.

Risks related to Notes generally

- Each Noteholder must act independently as Noteholders do not have the benefit of a trustee.
- The Notes are subject to modification, waivers and substitution.
- The EU Savings Directive may require the collection of withholding tax.
- Tax consequences of holding the Notes may be complex.
- Notes held in global form are reliant on the Registrar and other third parties.
- The Base Prospectus must be read together with applicable Final Terms or Pricing Term Sheet.
- Definitive Notes where denominations involve integral multiples may be subject to minimum denomination considerations.

Risks related to the market generally

- The secondary market may not develop.
- The Notes are subject to exchange rate risks and exchange controls.
- The price of notes are affected by changes in interest rates.
- The credit ratings of the Notes or the Issuer may not reflect all risks.
- An investor's return on an investment in Notes will be affected by charges incurred by investors.
- An investor's investment in the Notes may be subject to restrictions and qualifications.
- An investor may be unable to enforce US civil judgments against ABN AMRO Bank.

OVERVIEW OF THE PROGRAM AND TERMS AND CONDITIONS OF THE NOTES

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 any amendment or supplement thereto and the documents incorporated by reference herein. This overview does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Base Prospectus.

Issuer:	ABN AMRO Bank
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfill its obligations under the Notes issued pursuant to the Program. These are set out under " <i>Risk Factors</i> " below and include the fact that the Issuer's results can be adversely affected by (i) general economic conditions, (ii) competition, (iii) regulatory change, (iv) standard banking risks including changes in interest and foreign exchange rates and operational, credit, market, liquidity and legal risk and (v) the Legal Demerger, Legal Separation process and the Legal Merger and subsequent integration. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Program, see " <i>Risk Factors</i> " in this Base Prospectus.
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. Incorporated
Agents:	ABN AMRO Bank N.V. (outside US only), Morgan Stanley & Co. Incorporated, 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., 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.
Size:	The aggregate principal amount (or, in the case of Notes issued at a discount from the principal amount or Index Linked Notes, 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.
Distribution:	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.

Currencies:

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 “*Special Provisions Relating to Foreign Currency Notes*”.

Maturities:

Any maturity, subject to applicable laws, regulations and restrictions and subject, in the case of Senior Notes, to a minimum maturity of nine months. Lower Tier 2 Notes shall have an original minimum maturity of five years and one day.

Any Notes (including Notes denominated in Sterling) which have a maturity date of less than one year from their date of issue and in respect of which the issue proceeds are received by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the United Kingdom’s Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer will have a minimum denomination of at least £100,000, or its equivalent.

Issue Price:

Notes may be issued at any issue price which is at par or at a discount to, or premium over, par.

Use of Proceeds:

The net proceeds from each issuance of Senior Notes will be used for the general funding purposes of ABN AMRO Bank. The net proceeds from each issuance of Subordinated Notes will be used to strengthen the capital base of ABN AMRO Bank and 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).

Issuance in Series:

Notes will be consecutively numbered and issued in series (each a “**Series**”). Each Series may comprise one or more tranches (“**Tranches**” and each a “**Tranche**”) 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(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(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.

Index Linked Interest Notes:

Payments in respect of interest on Index Linked Interest Notes or in respect of principal on Index Linked Redemption Notes will be calculated by reference to such index and/or formula as may be specified in the applicable Final Terms and/or Pricing Term Sheet.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest 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).

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the applicable Final Terms and/or Pricing Term Sheet.

Zero Coupon Notes:

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.

Structured Notes:

Structured Notes may include Notes whose returns are linked to interest rates, inflation rates, foreign exchange rates or other matters.

Redemption:

The applicable Final Terms and/or Pricing Term Sheet will indicate either that the Senior Notes cannot be redeemed prior to their stated maturity, 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.

The applicable Final Terms in respect of Subordinated Notes which qualify as tier 2 capital ("**Tier 2 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 with the prior consent of De Nederlandsche Bank N.V. (Dutch Central Bank) ("**DNB**") and upon giving not less than 30 nor more than 60 days' irrevocable notice, in the event that DNB has issued rules or regulations as a result of which the whole or at least the minimum percentage of the outstanding nominal amount of the Notes as specified in the applicable Final Terms ceases, or will cease, to qualify as Tier 2 capital of the Issuer for the purposes of the regulatory capital requirements to which it is subject (other than in accordance with the rules or regulations of DNB in force on the issue date of the relevant Notes) or has otherwise 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 ceases, or will cease, to qualify as Tier 2 capital of the Issuer for the purposes of such regulatory capital requirements (other than in accordance with the rules or regulations of DNB in force on the issue date of the relevant Notes). The applicable Final Terms may provide that Notes may be repayable in two or more installments of such amounts and on such dates as indicated in it.

Denomination of Notes:

The Notes will be issued in minimum denominations of US\$100,000 (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 but so that in no event the minimum denomination will be lower than EUR 50,000 or its equivalent at the date of issue of the relevant Notes) 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. Unless otherwise permitted by applicable law, Senior Notes with a maturity of less than one year must (a) have a minimum denomination of US\$250,000 or its equivalent or, if higher, the then equivalent of £100,000 and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (b) be issued in other circumstances which do not constitute a contravention of Section 19 of FSMA.

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:

Payments in respect of the Notes will as specified in the applicable Final Terms and/or Pricing Term Sheet 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 8.

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 expressed by their terms to rank in priority to the Subordinated Notes and 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 Holders**”) 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 an emergency regulation (*noodregeling*) in respect of the Issuer 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**”),

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 Holder 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 Holder 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.

For the purposes of DNB’s regulatory capital requirements to which the Issuer is subject, Subordinated Notes may qualify as “**Lower Tier 2 Notes**” as referred to in such regulatory capital requirements. Lower Tier 2 Notes include Subordinated Notes with a minimum original maturity of five years and a day.

Listing and admission to trading:

Application has been made to Euronext Amsterdam for the Notes to be issued under the Program to be admitted to trading and listed on Euronext 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:

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 Lower Tier 2 Notes, 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 Notes and the Agency Agreement shall be governed, construed and interpreted in accordance with the law of the State of New York, without reference to conflicts of laws principles, except that the ranking of the Notes and the provisions relating to subordination set forth in the Notes (including the Conditions) and the Agency Agreement shall be governed, 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. The offering and distribution of the Notes are 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 European Economic Area, the United Kingdom, and other restrictions may apply in connection with a particular issuance of Notes, as specified in the applicable Pricing Term Sheet and/or Final Terms. See “*Plan of Distribution*”. Any such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes will be set forth in the applicable Pricing Term Sheet and/or Final Terms.

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 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 ABN AMRO Bank's future business, operating results or financial condition. Additional risks not currently known to ABN AMRO Bank or that ABN AMRO Bank now views as immaterial may also have a material adverse effect on ABN AMRO Bank'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 "Description of the Business", "Book Entry, Delivery, Form and Settlement" and "Terms and Conditions of the Notes" below shall have the same meaning in this section.

Risks relating to ABN AMRO Bank's business and industry

Conditions in the global financial markets and economy have yet to normalize and may materially adversely affect ABN AMRO Bank's business and profitability.

The outlook for the global economy over the near to medium term remains challenging as the global financial system has yet to fully normalize. 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; 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; the stability and solvency of 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. While there are some signs of a recovery in some countries, it is not yet certain whether the recovery underway is stable. In addition, the risk exists that major economies may suffer a "double dip" recession in which the improvements seen in a number of important markets reverse. Any of the above factors may materially adversely affect ABN AMRO Bank's financial condition and results of operations.

Emergency measures designed to stabilize the European Union and the United States financial markets are beginning to wind down.

Since the middle of 2008, a host of government actions have been implemented in response to the financial crisis and the recession. Although the European Central Bank, the European Union and the International Monetary Fund have recently announced a package of measures in response to disruption in the European debt markets, some earlier government programs are beginning to expire and the impact of the wind-down of these programs on the financial sector and on the nascent economic recovery is unknown. As government support schemes are cancelled, changed or withdrawn, there is a possibility that ABN AMRO Bank, in common with other financial institutions, may have insufficient access to, or incur higher costs associated with, funding alternatives, which could have a material adverse effect on ABN AMRO Bank's business, financial condition, results of operations and prospects. In addition, a stall in the economic recovery or continuation or worsening of current financial market conditions could exacerbate these effects.

The financial services industry is subject to intensive regulation, which is undergoing major changes.

As a financial services firm, ABN AMRO Bank is subject to financial services laws, regulations, corporate governance requirements, administrative actions and policies in each location in which it operates. In 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 considering a wide range of proposals that, if enacted, could result in major changes to the way ABN AMRO Bank's global operations are regulated. Some of these major changes may take effect as early as 2010, and could materially impact the profitability of ABN AMRO Bank's businesses, the value of its assets or the collateral available for its loans, require changes to business practices or force it to discontinue businesses and expose it to additional costs, taxes, liabilities, enforcement actions and reputational risk.

As a financial company, certain reform proposals under consideration could result in ABN AMRO Bank becoming subject to stricter capital requirements and could also affect the scope, coverage, or calculation of capital, all of which could require it to reduce business levels or to raise capital, including in ways that may adversely impact its creditors. Regulatory reform proposals could also result in the imposition of additional restrictions on ABN AMRO Bank's activities if it were to no longer meet certain capital requirements at the level of the financial holding company.

Markets may experience periods of high volatility accompanied by reduced liquidity, which may lead to market risk losses and adversely influence ABN AMRO Bank's ability to hedge its risks effectively.

Market volatility, illiquid market conditions and disruptions in the credit markets remain a risk that can negatively affect ABN AMRO Bank's business, *inter alia*, through a reduction in demand for products and services, a reduction in the value of assets held by ABN AMRO Bank, a decline in the profitability of certain assets and a loss of liquidity in certain asset classes. In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. 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. Volatility and declines in market indices can reduce unrealized gains or increase unrealized losses in ABN AMRO Bank's various portfolios. Under these extreme conditions, hedging and other risk management strategies may not be as effective at mitigating trading risks as they would be under more normal market conditions. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale, such as crowded trades. ABN AMRO Bank's risk management and monitoring processes seek to quantify and mitigate risk to more extreme market moves. Severe market events have historically been difficult to predict, however, and ABN AMRO Bank could realize significant losses if extreme market events were to persist for an extended period of time.

Lack of liquidity is a risk to ABN AMRO Bank's business and its ability to access sources of liquidity has been, and will continue to be, constrained.

Liquidity risk is the risk that a bank will be unable to meet its obligations, including funding commitments, as they fall due. This risk is inherent in banking operations and can be heightened 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 market dislocation and major disasters. In the recent past, credit markets worldwide experienced a severe reduction in supply of liquidity and term-funding. During this time, perception of counterparty risk between banks also increased significantly. This increase in perceived counterparty risk also led to reductions in inter-bank lending, and hence, in common with many other banking groups, ABN AMRO Bank's access to traditional sources of liquidity has been, and may continue to be, restricted.

ABN AMRO Bank's liquidity management focuses on maintaining a diverse and appropriate funding strategy for its assets, controlling the mismatch of maturities and carefully monitoring its undrawn commitments and contingent liabilities. However, ABN AMRO Bank's ability to access sources of liquidity (for example, through the issue or sale of financial and other instruments or through the use of term loans) during the recent period of liquidity stress has been constrained. In periods of liquidity stress, ABN AMRO Bank, in line with other financial institutions, may need to seek funds from alternative sources, potentially at higher costs of funding than has previously been the case.

In addition, there is also a risk that corporate and institutional counterparties with credit exposures may look to reduce all credit exposures to banks, given current risk aversion trends. It is possible that credit market dislocation becomes so severe that overnight funding from non-government sources ceases to be available.

Like many banking groups, ABN AMRO Bank relies on customer deposits to meet a considerable portion of its funding. However, such deposits are subject to fluctuation due to certain factors outside ABN AMRO Bank's control, 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, ABN AMRO Bank's deposits could, particularly if accompanied by one of the other factors described above, have a negative impact on ABN AMRO Bank's ability to satisfy its liquidity needs unless corresponding actions were taken to improve the liquidity profile of other deposits or to reduce assets. The governments of some of the countries in which ABN AMRO Bank operates have taken steps to guarantee the liabilities of the banks and branches operating in their respective jurisdiction. Whilst in some instances the operations of ABN AMRO Bank are covered by government guarantees alongside other local banks, in other countries this may not necessarily always be the case.

There can be no assurance that these measures, alongside other available measures, will succeed in improving the funding and liquidity in the markets in which ABN AMRO Bank operates, or that these measures, combined with any increased cost of any funding currently available in the market, will not lead to a further increase in ABN AMRO Bank's overall cost of funding, which could have an adverse impact on ABN AMRO Bank's financial condition and results of operations. Such adverse impact may be exacerbated by ABN AMRO Bank's refinancing needs as a result of a considerable volume of outstanding debt instruments issued by ABN AMRO Bank maturing in the period 2010 – 2012. See "*Risk and Capital Management—Liquidity and funding—Funding—Maturity Calendar*".

ABN AMRO Bank's business performance could be adversely affected if its capital is not managed effectively or if there are changes to capital adequacy and liquidity requirements.

Effective management of ABN AMRO Bank's capital is critical to its ability to operate its businesses, to grow organically and to pursue its strategy of returning to standalone strength. ABN AMRO Bank is required by regulators in The Netherlands and in other jurisdictions in which it undertakes regulated activities, to maintain adequate capital resources. The maintenance of adequate capital is also necessary for ABN AMRO Bank's financial flexibility in the face of continuing turbulence and uncertainty in the global economy.

The Capital Requirements Directive (the "**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. Due to changes in the market, the European Commission revised the Capital Requirements Directives (the "**CRD II**") in several respects. These changes will come into effect with the introduction of CRD II on 1 January 2011 and later in time in the CRD III which is still under negotiation.

On 17 December 2009, the Basel Committee on Banking Supervision (the "**Basel Committee**") proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled "Strengthening the resilience of the banking sector". If the proposals made by the Basel Committee are implemented, this could result in ABN AMRO Bank being subject to significantly higher capital requirements. The proposed reforms are subject to a consultative process and an impact assessment and are not likely to be implemented before the end of 2012. The Basel Committee will also consider appropriate transition and grandfathering arrangements.

These and other future changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates may require ABN AMRO Bank to raise additional Tier 1, Core Tier 1 and Tier 2 capital. If ABN AMRO Bank is unable to raise the requisite Tier 1 and Tier 2 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 achieve prices which would otherwise be attractive to ABN AMRO Bank.

Any change that limits ABN AMRO Bank's ability to manage effectively its balance sheet 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 condition, regulatory capital position and liquidity provision.

Changes in interest rates and foreign exchange rates may adversely affect ABN AMRO Bank's results.

Fluctuations in interest rates and foreign exchange rates influence ABN AMRO Bank's performance. The results of ABN AMRO Bank's banking operations are affected by its management of interest 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 ABN AMRO Bank'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, its net interest income and net interest margin may be adversely impacted. This could have a material adverse effect on the financial condition of ABN AMRO Bank's business or results from operations and cash flows.

In addition, ABN AMRO Bank publishes its consolidated financial statements in euros. Fluctuations in the exchange rates used to translate other currencies into euros affect ABN AMRO Bank's reported consolidated financial condition, results of operations and cash flows from year to year.

ABN AMRO Bank has significant counterparty risk exposure and exposure to systemic risks.

ABN AMRO Bank'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 ABN AMRO Bank's businesses. Third parties that owe ABN AMRO Bank money, securities or other assets may not pay or perform under their obligations. These parties include borrowers (under loans), the issuers whose securities ABN AMRO Bank 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 ABN AMRO Bank 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, ABN AMRO Bank 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 and 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 ABN AMRO Bank.

In addition, in the past, the general credit environment has been at times adversely affected by significant instances of fraud. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom ABN AMRO Bank interacts on a daily basis, and could have an adverse effect on ABN AMRO Bank's business.

ABN AMRO Bank's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.

Rating agencies assess the creditworthiness of ABN AMRO Bank and assign a rating to ABN AMRO Bank and some of the financial instruments it has issued. This information is available to many investors and clients of ABN AMRO Bank. Any downgrade in ABN AMRO Bank's ratings may increase its borrowing costs, require ABN AMRO Bank to replace funding lost due to the downgrade, which may include the loss of customer deposits, and may also limit ABN AMRO Bank's access to capital and money markets and trigger additional collateral requirements in derivatives contracts and other secured funding arrangements. As a result, any reductions in ABN AMRO Bank's credit ratings could adversely affect ABN AMRO Bank's access to liquidity and competitive position, increase its funding costs and have a negative impact on ABN AMRO Bank's earnings and financial condition. There can be no assurance that a credit rating agency having assigned a credit rating to ABN AMRO Bank or any Notes will not downgrade any such credit rating or change the outlook on any such credit rating.

Increases in ABN AMRO Bank's allowances for loan losses may have an adverse effect on ABN AMRO Bank's results.

ABN AMRO Bank's banking businesses establish provisions for loan losses, which are reflected in the loan impairment and other credit risk provisions on ABN AMRO Bank's income statement, in order to maintain ABN AMRO Bank'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 each bank, industry standards, past due loans, economic conditions and other factors related to the collectability of each entity's loan portfolio. Although management uses its best efforts to establish the allowances for loan losses, that determination is subject to significant judgment, and ABN AMRO Bank's banking businesses may have to increase or decrease their 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 ABN AMRO Bank's results of operations and financial condition.

ABN AMRO Bank operates in markets that are highly competitive. If ABN AMRO Bank 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 ABN AMRO Bank provides in the regions in which ABN AMRO Bank conducts large portions of its business. Such competition is most pronounced in the Dutch market where ABN AMRO Bank faces competition from companies such as ING Group and Rabobank. As a result, ABN AMRO Bank's strategy is to maintain customer loyalty and retention, which can be influenced by a number of factors, including service levels, the prices and attributes of products and services, financial strength and actions taken by competitors. In other international markets, ABN AMRO Bank faces competition from the leading domestic and international institutions active in the relevant national and international markets. Competitive pressures could result in increased pricing pressures on a number of ABN AMRO Bank's products and services, particularly as competitors seek to win market share, and may harm ABN AMRO Bank's ability to maintain or increase profitability.

Furthermore, the intensity of this competition is affected by consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. In addition, technological advances and the growth of e-commerce have made it possible for non-depository institutions to offer products and services that were traditionally banking products and for financial institutions to compete with technology companies in providing electronic and internet-based financial solutions. If ABN AMRO Bank is unable to provide attractive product and service offerings that are profitable, ABN AMRO Bank may lose market share or incur losses on some or all of ABN AMRO Bank's activities.

In addition, certain competitors may have access to lower cost funding and be able to offer consumer loans on more favorable terms than ABN AMRO Bank and may have stronger multi-channel and more efficient operations as a result of greater historical investments. Furthermore, ABN AMRO Bank's competitors may be better able to attract and retain clients and talent, which may have a negative impact on ABN AMRO Bank's relative performance and future prospects.

Furthermore, increased government ownership and involvement in banks, including in ABN AMRO Bank, may have an impact on the competitive landscape in the major markets in which ABN AMRO Bank operates. Although, at present, it is difficult to predict what the effects of this increased government ownership and involvement will be or how their effects will differ from jurisdiction to jurisdiction, such involvement may cause ABN AMRO Bank to experience stronger competition for corporate, institutional and retail clients and greater pressure on profit margins. In addition, the European Commission has imposed, and may continue to impose certain restrictions which may include but are not necessarily limited to restrictions on operating practices or to require disposals of certain business lines as a result of its investigation into state aid for the banking sector in the European Union. Any such restrictions could have a negative impact on ABN AMRO Bank's competitive position. Since the markets in which ABN AMRO Bank operates are expected to remain highly competitive in all areas, these and other changes to the competitive landscape could adversely affect ABN AMRO Bank's business, margins, profitability and financial condition.

ABN AMRO Bank's businesses have a dominant concentration in The Netherlands.

ABN AMRO Bank's businesses have a large concentration in The Netherlands and therefore are particularly exposed to the economic conditions in The Netherlands. Any deterioration or merely a long-term persistence of the difficult economic environment in The Netherlands could have a negative effect on ABN AMRO Bank's operating results and financial condition.

ABN AMRO Bank is subject to operational risks that could adversely affect its business.

ABN AMRO Bank, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud 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. As a consequence of the Legal Demerger, Legal Separation and Legal Merger and the accompanying separation of information technology platforms, ABN AMRO Bank is subject to heightened operational risk. ABN AMRO Bank may also be subject to disruptions of ABN AMRO Bank's operating systems arising from events that are wholly or partially beyond ABN AMRO Bank'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 ABN AMRO Bank. ABN AMRO Bank is further exposed to the risk that external vendors may be unable to fulfill their contractual obligations to ABN AMRO Bank, and to the risk that their business continuity and data security systems prove to be inadequate.

ABN AMRO Bank also faces the risk that the design of ABN AMRO Bank's controls and procedures prove to be inadequate or are circumvented. Although ABN AMRO Bank has implemented risk controls and loss mitigation actions, 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 ABN AMRO Bank. 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 ABN AMRO Bank's business, reputation and results of operations.

ABN AMRO Bank 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, ABN AMRO Bank may rely on information furnished to ABN AMRO Bank by or on behalf of the customers and counterparties, including financial statements and other financial information. ABN AMRO Bank also may rely on the audit report covering those financial statements. ABN AMRO Bank's financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or that are materially misleading.

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

Under IFRS, ABN AMRO Bank recognizes at fair value (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". Generally, to establish the fair value of these instruments, ABN AMRO Bank relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilize 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, as has been the case during the current financial crisis. In such circumstances, its internal valuation models require ABN AMRO Bank to make assumptions, judgments and estimates to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgments and estimates ABN AMRO Bank 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,

judgments and estimates may need to be updated to reflect changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments has had and could continue to have a material adverse effect on ABN AMRO Bank's earnings and financial condition.

ABN AMRO Bank's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may materially adversely affect its performance.

Employees are one of ABN AMRO Bank's most important resources and competition for qualified employees is intense. In order to attract and retain qualified employees, ABN AMRO Bank seeks to compensate such employees at market levels. Typically, those levels have caused employee compensation to be ABN AMRO Bank's greatest expense. If ABN AMRO Bank is unable to continue to attract and retain qualified employees, or do so at rates necessary to maintain its competitive position, or if compensation costs required to attract and retain employees become more expensive, its performance, including its competitive position, could be materially adversely affected. The financial industry may experience more stringent regulation of employee compensation, or employee compensation may be made subject to special taxation, which could have an adverse effect on ABN AMRO Bank's ability to hire or retain the most qualified employees.

ABN AMRO Bank is subject to legal risk, which may have an adverse impact on its results.

In the ordinary course of business ABN AMRO Bank is involved in a number of legal proceedings. ABN AMRO Bank'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. The outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Furthermore, periods of market dislocation, characterized by sharply deteriorating financial markets, are generally accompanied by an increase in investor litigation against intermediaries such as banks and investment advisors. It is inherently difficult to predict the outcome of many of the litigations, regulatory proceedings and other adversarial proceedings involving its businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of ABN AMRO Bank's services, regardless of whether the allegations are valid or whether ABN AMRO Bank is ultimately found liable. As a result, litigation may adversely affect ABN AMRO Bank's business.

In presenting its consolidated 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 its estimates may have an adverse effect on ABN AMRO Bank's results.

ABN AMRO Bank's operations are subject to reputational risk.

Reputational risk exists in many forms in all of ABN AMRO Bank's activities. Examples are the quality and transparency of products sold to clients. The conduct of employees can also result in a reputational risk. Strict compliance procedures are in place to minimize this risk, as well as decision-making procedures for new activities and products.

In addition ABN AMRO Bank's reputation could also be harmed as a result of negative publicity regarding the ABN AMRO Group and ABN AMRO brand name. This may adversely affect ABN AMRO Bank's operating results and financial condition.

ABN AMRO Bank's results of operations can be adversely affected by significant adverse regulatory developments and changes in tax laws.

ABN AMRO Bank conducts its businesses subject to ongoing regulation (including in relation to behavioral requirements) and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in the European Union and the other regions in which ABN AMRO Bank does business. The timing and form of future changes in regulation are unpredictable and beyond ABN AMRO Bank's control, and changes made could materially adversely affect ABN AMRO Bank's business, the products and services ABN AMRO Bank offers or the value of its assets or extent of its liabilities. Any changes in the tax laws of jurisdictions in which ABN AMRO Bank operates which

affect its products, could have a material adverse effect on its insurance or other businesses and results of operations and financial condition.

ABN AMRO Bank operates under the supervision of several regulators in various jurisdictions which may impose restrictions and conditions.

The Dutch Central Bank and other regulators in various jurisdictions may impose (further) restrictions and conditions to ABN AMRO Bank. Some of these restrictions may adversely affect ABN AMRO Bank's operating results and financial condition.

Securities market volatility or downturns can adversely affect ABN AMRO Bank's banking activities.

The level and volatility in market indices can negatively affect ABN AMRO Bank's merchant banking, securities trading and brokerage activities. Volatility and declines in market indices can reduce unrealized gains in ABN AMRO Bank's various portfolios or the demand for some of ABN AMRO Bank's banking products.

Since July 2007, both the credit and the equity markets have been very volatile. 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. Such market declines, if they did occur, could have a material adverse effect on ABN AMRO Bank's financial condition and results of operations. Market downturns and 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 ABN AMRO Bank's control.

ABN AMRO Bank's risk management methods may leave ABN AMRO Bank exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities.

ABN AMRO Bank devotes significant resources to developing risk management policies, procedures and assessment methods for ABN AMRO Bank's banking businesses. ABN AMRO Bank uses a value-at-risk ("VaR") model, duration analysis and sensitivity analysis as well as other risk assessment methods. Nonetheless, ABN AMRO Bank's risk management techniques and strategies may not be fully effective in mitigating ABN AMRO Bank's risk exposure in all economic market environments or against all types of risk, including risks that ABN AMRO Bank fails to identify or anticipate. Some of ABN AMRO Bank's qualitative tools and metrics for managing risk are based upon use of observed historical market behavior. ABN AMRO Bank 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. ABN AMRO Bank's losses thus could be significantly greater than ABN AMRO Bank's measures would indicate. In addition, ABN AMRO Bank's quantified modeling does not take all risks into account. ABN AMRO Bank's more qualitative approach to managing risks takes into account a broader set of risks, but is less precise than quantified modeling and could prove insufficient. Unanticipated or incorrectly quantified risk exposures could result in material losses in ABN AMRO Bank's banking businesses.

ABN AMRO Bank has obligations under defined benefit pension plans which are subject to factors outside its control.

ABN AMRO Bank has in place a pension scheme for its employees, under which it has an obligation to pay contributions for the aggregate pension rights of participants in this pension scheme. Most participants have accrued rights under defined benefit plans within this pension scheme. ABN AMRO Bank's pension risk is the risk of a shortfall in the coverage of these pension obligations in relation to the participants' rights under these defined benefit plans. Additional contributions to cover its pension obligations to current and former employees may be required from time to time. ABN AMRO Bank's defined benefit pension obligations are calculated at the discounted present value of these accrued pension rights.

Parameters that have an impact on the obligations are interest rate levels, investment risks and increases in life expectancy, which are outside of ABN AMRO Bank's control.

The emergence of a material shortfall and any consequent additional contributions could materially adversely affect ABN AMRO Bank's financial condition, results of operations and prospects.

The Legal Demerger has resulted in a cross liability arrangement that required ABN AMRO Bank to remain liable to creditors of RBS N.V. for certain monetary obligations of RBS N.V. in the event that RBS N.V. cannot meet such obligations.

On 6 February 2010, the Former ABN AMRO Bank N.V. was demerged into two entities, being RBS N.V. and ABN AMRO Bank Standalone and subsequently on 1 July 2010 ABN AMRO Bank Standalone merged with FBN following the Legal Merger. See “*Description of the Business—History of ABN AMRO Bank—Legal Demerger, Legal Separation and Legal Merger Process*” for more information about the restructuring and the Legal Demerger, Legal Separation and Legal Merger.

In principle, following completion of the Legal Demerger, creditors now only have recourse to the entity to which the relevant assets and liabilities have been transferred for payments in respect of the appropriate securities. Under the Dutch Civil Code, however, each entity remains liable to creditors for the monetary obligations of the other entity that existed at the date of the Legal Demerger in the event that the other entity cannot meet its obligations to those creditors. In each case, this liability relates only to obligations existing at the date of the Legal Demerger.

The liability of ABN AMRO Bank is limited to the amount of equity acquired at the Legal Demerger, which amounts to EUR 1.8 billion. The liability of RBS N.V. is limited to the equity retained at the Legal Demerger, amounting to EUR 4.0 billion.

ABN AMRO Bank 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 ABN AMRO Bank. Both RBS N.V. and ABN AMRO Bank 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 ABN AMRO Bank are sufficient to satisfy all claims of creditors transferred to RBS N.V.

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

The 403 Declaration constitutes a guarantee by ABN AMRO Group for, *inter alia*, 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 as the guarantor. The obligation of ABN AMRO Group under the 403 Declaration is unconditional and is not limited in amount or by the type of ABN AMRO Bank obligation. However, a legal defense available to ABN AMRO Bank against a creditor would likewise be available to ABN AMRO Group as well. Furthermore, since ABN AMRO Group 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. As ABN AMRO Group’s only direct subsidiary is ABN AMRO Bank, a holder of a Note issued by ABN AMRO Bank must realize that a claim under the 403 Declaration would not result in material recourse in addition to the assets of ABN AMRO Bank. Finally, ABN AMRO Group may revoke the 403 Declaration at any time.

See “*Description of the Business—History and recent developments*” for more information about the restructuring and the Legal Demerger of the business of the Former ABN AMRO Group.

The Legal Demerger and Legal Separation (including in relation to the EC Remedy) and Legal Merger process create additional risks for the Issuer’s business and stability.

ABN AMRO Bank is going through a period of transition and change as a result of the Legal Demerger and Legal Separation (including in relation to the EC Remedy) and Legal Merger, which poses additional risks to ABN AMRO Bank’s business, including (i) ABN AMRO Bank’s ability to retain key personnel during the transition and (ii) its exposure to enhanced operational and regulatory risks during this period.

In addition, during this period of transition and change and resulting from the Legal Demerger and the Legal Separation, ABN AMRO Bank and RBS N.V. will remain interdependent with respect to certain business areas, for which they will *inter alia* provide certain services to each other. Furthermore, as a result of the EC Remedy, ABN AMRO Bank has committed itself to continue to provide certain services

to Deutsche Bank Nederland N.V. Also, since FBN was part of the former Fortis group until late 2008, there are remaining interdependencies between Fortis Bank SA/NV, ASR Nederland (which was also split off from the former Fortis group as a separate business) and ABN AMRO Bank with respect to certain services.

Also, the integration process of ABN AMRO Bank Standalone with FBN following the Legal Merger could be delayed due to, *inter alia*, delays in the integration of the two entities. Delay in this integration may reduce the anticipated benefits of the integration, impose additional costs or adversely affect the stand-alone operation of ABN AMRO Bank and may therefore adversely affect ABN AMRO Bank's results and financial condition.

ABN AMRO Bank may fail to realize the anticipated business growth opportunities, synergies and other benefits anticipated from the Legal Merger, which could result in a material adverse effect on its results of operations, financial condition and prospects.

There is no assurance that the Legal Merger will achieve the anticipated business growth opportunities, synergies and other benefits ABN AMRO Bank anticipates. ABN AMRO Bank believes that the integration following the Legal Merger will create business growth opportunities, synergies, revenue benefits, cost savings and other potential benefits. However, these expected business growth opportunities, synergies and other benefits may not develop and other assumptions with respect to the anticipated integration may prove to be incorrect.

The integration of ABN AMRO Bank Standalone with FBN following the Legal Merger and the realization of the expected benefits will be challenging within the timeframe contemplated. Successful implementation of this plan requires a significant amount of management time and, thus, may affect or impair management's ability to run the business effectively during the period of implementation. In addition, the integration is subject to a number of additional risks, including: difficulties or unexpected costs relating to the integration of technology platforms, financial and accounting systems, risk management systems and management systems of two organizations; difficulties or unexpected costs in realizing synergies from the consolidation of head office and back office functions; higher than expected levels of customer attrition or market share loss arising as a result of the Legal Merger; unexpected losses of key personnel during or following the integration of the two businesses; possible conflict in the culture of the two organizations and decrease in employee morale; and potential damage to the reputation of brands due to the Legal Merger.

The estimated cost synergies contemplated by the Legal Merger are significant. There can be no assurance that ABN AMRO Bank will realize these benefits in the time expected or at all. In addition, there can be no assurance that the total costs associated with the implementation of the integration currently anticipated by ABN AMRO Bank will not be exceeded.

If any of these risks should occur, or if there are unexpected challenges in the integration process, the anticipated benefits of the Legal Merger may be delayed, achieved only in part, or not at all or at greater cost, which could have an adverse affect on ABN AMRO Bank's results of operations or financial condition.

The Standalone Financial Information incorporated by reference should be read with caution. A full impact analysis of the financial position and results of ABN AMRO Bank following the Legal Merger is not possible on the basis thereof.

Only the Group Interim Financial Information reflects the consolidation of ABN AMRO Bank Standalone and FBN. In order to provide further financial information about the businesses which have become part of ABN AMRO Bank after the Legal Merger taking effect, ABN AMRO Bank has also incorporated herein by reference the Standalone Financial Information. Because of its nature, the audited pro forma financial information for the financial year ended 31 December 2009 of ABN AMRO Bank Standalone as it existed during this period incorporated by reference herein addresses a hypothetical situation and therefore does not represent the actual financial position per 31 December 2009 or its income over 2009 and has been incorporated by reference for illustrative purposes only.

Investors will need to make their own investigations and financial calculations on the basis of the financial information included or incorporated by reference herein in order to make an informed assessment of the future assets and liabilities, financial position, profit and losses and prospects of ABN AMRO Bank.

In reading the Standalone Financial Information, investors should note that differences exist in the application of certain accounting policies, estimates and classification of certain line items in respect of ABN AMRO Bank Standalone prior to the Legal Merger and FBN. Also, investors should note the Standalone Financial Information does not take into account the effect of one-off costs of realizing any synergies that may result from integration activities. Furthermore, investors should note that a combined reading of the Standalone Financial Information:

- does not take into account certain items which would be eliminated on the consolidation of ABN AMRO Bank Standalone's and FBN's reported results of operations and financial position following the Legal Merger;
- does not provide an indication of what ABN AMRO Bank's results of operations or financial position would have been had the Legal Merger occurred as at 1 January 2009;
- does not represent the results of operation or financial position of ABN AMRO Bank for any future date or period; and
- do not take into account the effect of any synergies that may result from integration activities.

Therefore, a full impact analysis of the financial position and results of ABN AMRO Bank following the Legal Merger is not possible on the basis of a combined reading of the Standalone Financial Information.

ABN AMRO Bank has not included certain statistical disclosures or pro forma information that would have been required in an offering registered under the Securities Act.

This Base Prospectus has been prepared in accordance with the rules and regulations of Euronext Amsterdam and the AFM, which has disclosure requirements which are different from those of the United States. In particular, while this Base Prospectus incorporates by reference the Group Interim Financial Information, it does not include a consolidated pro forma presentation of the financial results of ABN AMRO Bank Standalone and Fortis Bank (Nederland) N.V. following completion of the Legal Merger, as discussed below, or certain statistical disclosures, in each case in the form that would be required in offerings registered under the Securities Act.

An investor may not be able to effectively compare ABN AMRO Bank's future consolidated financial statements to the Standalone Financial Information.

Following completion of the Legal Separation on 1 April 2010, ABN AMRO Bank Standalone and FBN became direct subsidiaries of ABN AMRO Group. From 1 April 2010 until the Legal Merger, the managing boards and supervisory boards of ABN AMRO Bank Standalone, FBN and ABN AMRO Group were composed of the same members. However, both ABN AMRO Bank Standalone and FBN operated as separate and independent banks until the Legal Merger took effect. The Legal Merger was a fundamental change to the organization, business segments, financial position and reporting of ABN AMRO Bank Standalone and FBN as compared with periods prior to the Legal Merger. Accordingly, an investor may not be able to effectively compare ABN AMRO Bank's future consolidated financial statements to the Standalone Financial Information.

An investor may not be able to effectively compare the Group Interim Financial Information to the Standalone Financial Information and the Standalone Harmonized Financial Information 2010 to the Standalone Non-harmonized Financial Information 2009/2008.

The Group Interim Financial Information has been compiled on a different basis than the Standalone Financial Information (which is company-only financial information). In respect of the Standalone Non-Harmonized Financial Information 2009/2008 the differences relate to the harmonization of accounting policies and principles and the reclassification of certain line items and the elimination of inter-company positions upon consolidation. The latter difference also and only applies to the Standalone Harmonized Financial Information 2010. Accordingly, an investor may not be able to effectively compare the Group Interim Financial Information to the Standalone Harmonized Financial Information 2010, or the

Standalone Harmonized Financial Information 2010 to the Standalone Non-Harmonized Financial Information 2009/2008.

In addition, FBN reported its regulatory capital under Basel II Advanced-IRB. Until Legal Separation on 1 April 2010, ABN AMRO Bank Standalone reported its regulatory capital under Basel I. As of 1 April 2010, ABN AMRO Bank Standalone also reported and, since the Legal Merger, ABN AMRO Bank reports under Basel II Advanced-IRB. The consolidated and combined capital ratios are not available for ABN AMRO Bank for the period before 1 April 2010.

The capital requirements of ABN AMRO Bank Standalone and FBN were reported to DNB on a separate basis at the end of June 2010. The application of Basel II policies, methodologies and models in order to calculate the regulatory capital and risk-weighted assets for the merged bank is currently in the process of harmonization. Until completion of the harmonization, the reported Basel II capital ratios will be combined pro forma capital ratios based on consolidated IFRS equity and therefore an investor may not be able to determine the consolidated capital position of ABN AMRO Bank until such harmonization is completed.

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

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.

The Notes may be subject to optional redemption by ABN AMRO Bank.

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 ABN AMRO Bank 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.

ABN AMRO Bank 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.

Index Linked Notes and Dual Currency Notes are subject to factors outside the control of ABN AMRO Bank.

ABN AMRO Bank may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, ABN AMRO Bank may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Prospective investors should be aware that:

- (i) the market price of such Notes may be very volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, potential investors should consult their own financial and legal advisers about the risks entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of their particular circumstances.

Fixed/Floating Rate Notes may be converted at the discretion of ABN AMRO Bank.

Fixed/Floating Rate Notes may bear interest at a rate that ABN AMRO Bank may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. ABN AMRO Bank’s ability to convert the interest rate will affect the secondary market and the market value of the Notes since ABN AMRO Bank may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If ABN AMRO Bank 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 ABN AMRO Bank converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The price of the Notes issued at a substantial discount or premium may be 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.

Holder of Subordinated Notes have limited rights to accelerate.

ABN AMRO Bank may issue Notes under the Program which are subordinated to the extent described in Condition 4. Any such Subordinated Notes will constitute unsecured obligations of ABN AMRO Bank and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of ABN AMRO Bank (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 ABN AMRO Bank or in the event of a Moratorium (as defined in Condition 4(c)) with respect to ABN AMRO Bank, the claims of the holders of the Subordinated Notes against ABN AMRO Bank 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 Holder will, in the event of liquidation or bankruptcy of ABN AMRO Bank or in the event of a Moratorium with respect to ABN AMRO Bank, only be made after, and any set-off by a Subordinated Holder shall be excluded until, all obligations of ABN AMRO Bank resulting from higher-ranking deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied. A Subordinated Holder may therefore recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of ABN AMRO Bank. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to any Subordinated Notes which may be incurred or assumed by ABN AMRO Bank from time to time, whether before or after the issue date of the relevant Subordinated Notes.

In addition, the rights of Holders of Subordinated Notes are limited in certain respects. In particular, (i) redemption of Subordinated Notes pursuant to Conditions 7(b), (c), (d) or (e) may only be effected after ABN AMRO Bank has obtained the written consent of DNB, and (ii) ABN AMRO Bank must 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 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 ABN AMRO Bank become insolvent.

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.

Risks related to the Notes generally

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

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 Notes—Events of Default*".

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 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 ABN AMRO Bank, in the circumstances described in Condition 15 of the conditions of the Notes. The conditions that permit the Bank to substitute another company as principal debtor under the Notes do not require that the substitution not result in a rating downgrade of the Notes

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

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, the Final Terms and/or Pricing Term Sheet of the relevant Notes will specify whether the Issuer would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. ABN AMRO Bank 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*”).

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 “*Taxation*”.

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 depository, 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.

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

The terms and conditions of the 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 master Terms and Conditions as set out in full in “*Terms and Conditions of the 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*”.

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.

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:

The secondary market may not develop.

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.

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

ABN AMRO Bank 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.

The price of the 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.

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.

An investor's return on an investment in the Notes will be affected by charges incurred by investors.

An investor's total return on an investment in any Notes will be affected by the level of fees charged by any nominee service provider through which it holds its Notes and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Notes.

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.

An investor may be unable to enforce US civil judgments against ABN AMRO Bank.

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 (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 master Terms and Conditions as set out in full in this Base Prospectus in “*Terms and Conditions of the 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 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 disappplies, supplements and/or amends the 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 Amsterdam. Euronext 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 of the Notes 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 Amsterdam, a final terms document (the “**Final Terms**”) substantially in the form set out herein which, will be delivered to Euronext 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 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, 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 will be valid for listing Notes on Euronext Amsterdam and/or any other exchange in the EEA in an unlimited aggregate nominal amount.

The 2009 ABN AMRO Bank Standalone Annual Review (as defined in “*Documents Incorporated by Reference*”) for the financial year ended 31 December 2009 and the 2009 FBN Annual Report for the financial year ended 31 December 2009 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.

ABN AMRO Group’s Interim Financial Report 2010, ABN AMRO Bank Standalone’s abbreviated interim financial report 2010, and FBN’s abbreviated interim financial report 2010 (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, any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus to websites 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 ABN AMRO Bank 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 ABN AMRO Bank and ABN AMRO Group 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 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 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 European Economic Area which has implemented the Prospectus Directive (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 Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) 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 have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Agent to publish or supplement a prospectus for such offer.

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 which have been previously 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 in accordance with Article 5.4 of the Prospectus Directive:

- (i) the audited pro forma financial information of ABN AMRO Bank Standalone on pages 60 up to and including 169 as of and for the year ended 31 December 2009 and the unaudited pro forma financial information for the year ended 31 December 2008, including the auditors' report thereon on pages 176 and 177, as included in the 2009 Annual Review of ABN AMRO Bank (the "**2009 ABN AMRO Bank Standalone Annual Review**");
- (ii) ABN AMRO Bank Standalone's publicly available audited statutory annual financial statements for the period starting 9 April 2009 and ended 31 December 2009 included in the 2009 ABN AMRO Bank Standalone Annual Review on pages 170 up to and including 175, including the auditors' report thereon on page 178;
- (iii) FBN's publicly available audited consolidated annual financial statements as of and for the financial year ended 31 December 2009 as included in the 2009 Annual Report of FBN (the "**2009 FBN Annual Report**") (as set out on pages 89 through 94, the accounting policies as set out on pages 96 through 118, the notes to the financial statements as set out on pages 119 through 257 and the auditors' report on pages 276 and 277);
- (iv) FBN's publicly available audited consolidated annual financial statements as of and for the financial year ended 31 December 2008 included in the 2008 Annual Report of FBN (the "**2008 FBN Financial Statements**") (as set out on pages 9 through 14 of the financial statements 2008, including the accounting policies as set out on pages 16 through 37, the notes to the financial statements as set out on pages 38 through 168 and the auditors' report on pages 185 and 186).
- (v) ABN AMRO Bank Standalone's publicly available unaudited semi-annual financial statements for the six month period ended 30 June 2010 (as set out on pages 10 and 11 of ABN AMRO Bank Standalone's abbreviated interim financial report 2010);
- (vi) FBN's publicly available unaudited semi-annual financial statements for the six month period ended 30 June 2010 (as set out on pages 10 and 11 of FBN's abbreviated interim financial report 2010); and
- (vii) the Group Interim Financial Information (as set out on pages 43-48 in relation to the interim financial statements 2010, including the notes to the financial statements as set out on pages 86-103), and the auditors' review report on page 104 and the unaudited semi-annual financial statements for the six month period ended 30 June 2009, all as set out in ABN AMRO Group N.V.'s Interim Financial Report 2010.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the AFM in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement or contained in any document incorporated by reference therein, shall, to the extent applicable, be deemed to modify or supersede statements (whether expressly, by implication or otherwise) contained in this Base Prospectus or in a document, which is incorporated by reference herein. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

Any documents themselves incorporated by reference in the documents listed at (i) to (vii) above shall not form a part of 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 incorporated herein by reference unless such documents have been modified or superseded as specified in any supplement to this Base Prospectus. Requests for such documents should be directed to ABN AMRO Bank (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).

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

This Base Prospectus contains forward-looking statements, within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. This includes, without limitation, such statements that include the words ‘expect’, ‘estimate’, ‘project’, ‘anticipate’, ‘should’, ‘intend’, ‘plan’, ‘probability’, ‘risk’, ‘Value at Risk’, ‘target’, ‘goal’, ‘objective’, ‘will’, ‘endeavor’, ‘outlook’, ‘optimistic’, ‘prospects’ and similar expressions or variations on such expressions. Forward-looking statements are included in sections entitled “*Summary*”, “*Risk Factors*”, “*Description of the Business*”, “*Operating and Financial Review*”, and other sections of this Base Prospectus.

In particular, this document includes forward-looking statements relating, but not limited, to ABN AMRO Bank’s potential exposures to various types of market risks, such as counterparty risk, interest rate risk, foreign exchange rate risk and commodity and equity price risk. Such statements are subject to risks and uncertainties. These forward-looking statements are not historical facts and represent only ABN AMRO Bank’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond its control.

Other factors that could cause actual results to differ materially from those estimated by the forward looking statements contained in this Base Prospectus include, but are not limited to:

- the extent and nature of future developments and continued volatility in the credit markets and
- their impact on the financial industry in general and ABN AMRO Bank in particular;
- the effect on ABN AMRO Bank’s capital of write downs in respect of credit exposures;
- risks related to ABN AMRO Bank’s merger, separation and integration process;
- general economic conditions in the Netherlands and in other countries in which ABN AMRO Bank has significant business activities or investments, including the impact of recessionary economic conditions on ABN AMRO Bank’s revenues, liquidity and balance sheet;
- actions taken by governments and their agencies to support individual banks and the banking system;
- monetary and interest rate policies of the European Central Bank and G-7 central banks;
- inflation or deflation;
- unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments;
- changes in Dutch and foreign laws, regulations and taxes;
- changes in competition and pricing environments;
- inability to hedge certain risks economically;
- adequacy of loan loss impairments;
- technological changes;
- changes in consumer spending, investment and saving habits; and
- the success of ABN AMRO Bank in managing the risks involved in the foregoing.

Factors that could also adversely affect ABN AMRO Bank’s results or accuracy of forward looking statements in this report, and the factors discussed here or in the section “*Risk Factors*” should not be regarded as a complete set of all potential risks or uncertainties. ABN AMRO Bank has economic, financial market, credit, legal and other specialists who monitor economic and market conditions and government policies and actions. However, because it is difficult to predict with complete accuracy any changes in economic or market conditions or in governmental policies and actions, it is hard for ABN

AMRO Bank to anticipate the effects that such changes could have on ABN AMRO Bank's financial performance and business operations.

These forward-looking statements are made only as of the date of this Base Prospectus. Subject to any continuing disclosure obligation under applicable law, ABN AMRO Bank does not intend to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this report, and ABN AMRO Bank does not assume any responsibility to do so. The reader should, however, take into account any further disclosures of a forward-looking nature ABN AMRO Bank may make in future publications.

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 Notes, and has appointed ABN AMRO Funding USA LLC, as its designated agent in New York City, to accept service of process in any such action.

EXCHANGE RATE AND CURRENCY INFORMATION

ABN AMRO Bank publishes its financial statements in euros.

The following table sets out, for the periods indicated, certain information concerning the noon buying rate in New York City expressed in US Dollars per Euro by 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 10 November 2010, the noon buying rate translated to EUR = US\$1.37.

US Dollar to Euro exchange rates (US Dollars per Euro) for each of the most recent six months:

	At period end	Average rate	High	Low
January 2010.. .. .	1.39	1.42	1.45	1.39
February 2010	1.37	1.37	1.40	1.35
March 2010	1.35	1.36	1.38	1.33
April 2010	1.33	1.34	1.37	1.31
May 2010	1.24	1.26	1.32	1.22
June 2010	1.23	1.22	1.24	1.20
July 2010	1.30	1.28	1.30	1.25
August 2010	1.27	1.29	1.33	1.27
September 2010	1.36	1.31	1.36	1.27
October 2010	1.39	1.39	1.41	1.37

US Dollar to Euro exchange rates (US Dollars per Euro) for the past three years:

Years ended	At period end	Average rate	High	Low
31 December 2007	1.46	1.37	1.49	1.29
31 December 2008	1.40	1.47	1.60	1.25
31 December 2009	1.43	1.39	1.51	1.25

Source: Bloomberg

ABN AMRO Bank 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.

USE OF PROCEEDS

The net proceeds from each issuance of Senior Notes will be used for the general funding purposes of ABN AMRO Bank. The net proceeds from each issuance of Subordinated Notes will be used to strengthen the capital base of ABN AMRO Bank and 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

Statement of compliance

The financial information included or incorporated by reference in this Base Prospectus is not intended to comply with the reporting requirements of the SEC and the requirements of Article 11 of Regulation S-X promulgated under the Securities Act. In particular, while this Base Prospectus includes the Group Interim Financial Information, this Base Prospectus does not include a consolidated pro forma presentation of the financial results of ABN AMRO Bank Standalone and Fortis Bank (Nederland) N.V. following completion of the Legal Merger or certain statistical disclosures, in each case in the form that would be required in offerings registered under the Securities Act.

Investors should read carefully the risks relating to the Issuer's presentation of financial information in the section entitled "*Risk Factors*" (in particular the risk factors relating to the presentation of and comparability among the financial information included or incorporated by reference in this Base Prospectus beginning on page 17).

General

The following chart summarizes the periods covered and the consolidation and audit status of the financial statements included in or incorporated by reference into this Base Prospectus:

Financial information	Period	Consolidation	Audited
Group Interim Financial Information	H1 2010	Consolidates ABN AMRO Group (including ABN AMRO Bank and FBN)	No, reviewed in accordance with ISRE 2410
Group Interim Financial Information	H1 2009	Consolidates ABN AMRO Group (including ABN AMRO Bank and FBN)	No
ABN AMRO Bank Standalone Annual Review	FY 2009	Consolidates ABN AMRO Bank Standalone and subsidiaries	Yes, including pro forma to reflect Legal Demerger
ABN AMRO Bank Standalone Annual Review	FY 2008	Consolidates ABN AMRO Bank Standalone and subsidiaries	No
FBN Annual Report	FY 2009	Consolidates FBN and subsidiaries	Yes
FBN Annual Report	FY 2008	Consolidates FBN and subsidiaries	Yes
ABN AMRO Bank statutory financial statements	Period from 9 April 2009 to 31 December 2009	None	Yes
FBN abbreviated interim financial report	H1 2010	None	No
ABN AMRO Bank abbreviated interim financial report	H1 2010	None	No

Investors will need to make their own investigations and financial calculations on the basis of the financial information included or incorporated by reference herein in order to make an informed assessment of the future assets and liabilities, financial position, profit and losses and prospects of ABN AMRO Bank.

The Group Interim Financial Information, which is included in this Base Prospectus, is unaudited and is the first consolidated interim financial statements prepared by ABN AMRO Group consolidating the businesses of ABN AMRO Bank Standalone and FBN for the six month period ended 30 June 2010.

In reading the Standalone Financial Information incorporated by reference herein, investors should note that differences exist in the application of certain accounting policies, estimates and classification of certain line items in respect of ABN AMRO Bank Standalone prior to the Legal Merger and FBN. Also, investors should note that the Standalone Financial Information does not take into account the effect of one-off costs of realizing any synergies that may result from integration activities.

Furthermore, investors should note that a combined reading of the Standalone Financial Information:

- does not take into account certain items which have been eliminated on the consolidation of ABN AMRO Bank Standalone's and FBN's reported results of operations and financial position following the Legal Merger;
- does not provide an indication of what ABN AMRO Bank's results of operations or financial position would have been had the Legal Merger occurred as at 1 January 2009;
- does not represent the results of operation or financial position of ABN AMRO Bank Standalone for any future date or period; and
- do not take into account the effect of any synergies that may result from integration activities.

Therefore, a full impact analysis of the financial position and results of ABN AMRO Bank following the Legal Merger is not possible on the basis of a combined reading of the Standalone Financial Information.

Financial statements of ABN AMRO Bank Standalone

The businesses of the Former ABN AMRO Group acquired by the Dutch State were transferred (in majority) from the Former ABN AMRO Bank N.V. (now named RBS N.V.) to ABN AMRO Bank Standalone on 6 February 2010 and the EC Remedy transaction was completed on 1 April 2010. Consequently, ABN AMRO Bank Standalone's audited annual financial statements for the financial year started 9 April 2009 (being the date of incorporation of ABN AMRO Bank N.V.) and ended 31 December 2009 do not reflect the assets and liabilities and the financial results of the Dutch State Acquired Businesses nor the EC Remedy transaction.

To allow debt investors to assess the impact of the Legal Separation from the Former ABN AMRO Group, ABN AMRO Bank Standalone, apart from its audited annual financial statements for the financial year started 9 April 2009 and ended 31 December 2009 and its unaudited semi-annual financial statements 2010, also prepared and incorporated by reference, for illustrative purposes only, pro forma financial information for the financial year ending 31 December 2009 reflecting the businesses of the Former ABN AMRO Group that were acquired by the Dutch State and that were substantially transferred to ABN AMRO Bank Standalone in the Legal Demerger. The pro forma financial information was prepared on the basis as if the Dutch State Acquired Businesses of the Former ABN AMRO Group had already been transferred to ABN AMRO Bank Standalone or its consolidated subsidiaries as from 1 January 2009 and contains pro forma financial information on the financial years ending 31 December 2009 and 31 December 2008. The 2009 figures included in the pro forma financial information have been audited. The unaudited comparative figures 2008 have been derived from the audited ABN AMRO Holding N.V. Financial Statements 2008 and are consistent with the accounting policies as applied in ABN AMRO Holding N.V. Financial Statements 2008. Because of its nature, the audited pro forma financial information incorporated by reference herein addresses a hypothetical situation and therefore does not represent the actual financial position per 31 December 2009 or ABN AMRO Bank Standalone's income over 2009.

The pro forma consolidated financial information includes the assets and liabilities that have been sold to Deutsche Bank AG as part of the EC Remedy transaction that took place after the Legal Separation on 1 April 2010 and does not take into account the impact of this transaction on the results of ABN AMRO Bank Standalone. The impact on the results for ABN AMRO Bank Standalone have been accounted for in the second quarter of 2010.

The pro forma financial information excludes the assets and liabilities that have not yet been settled between the consortium shareholders, the so-called "**Shared Assets**", in which each of the consortium shareholders has a joint and indirect interest. The net value of the assets and liabilities constituting the Shared Assets are currently expected to remain for an interim period in RBS Holdings N.V.

The pro forma financial information and the annual financial statements for the financial year started 9 April 2009 and ended 31 December 2009 of ABN AMRO Bank Standalone are incorporated by reference herein.

Unless otherwise indicated therein, the financial information contained in the 2009 ABN AMRO Bank Standalone Annual Review has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the European Union and as issued by the International Accounting Standards Board (“**IASB**”).

The pro forma financial information has been prepared in conformity with Annex II of Commission Regulation (EC) 809/2004 of 29 April 2004 (as amended) (the “**Prospectus Regulation**”). ABN AMRO Bank Standalone’s auditors Deloitte Accountants B.V. (“**Deloitte**”) have issued a report stating that in their opinion (a) the pro forma financial information has been properly compiled on the basis stated and (b) that basis is consistent with the accounting policies of ABN AMRO Bank Standalone.

Financial statements of FBN

In order to provide historical financial information about the business that has become part of ABN AMRO Bank upon the Legal Merger taking effect, ABN AMRO Bank has incorporated herein by reference the audited consolidated annual financial statements of FBN for the financial years ending 31 December 2009 and 31 December 2008 and the unaudited semi-annual financial statements 2010.

ABN AMRO Bank notes that the maturity analysis of the financial liabilities disclosure on page 129 of the 2009 FBN Annual Report is not fully compliant with IFRS 7.39 and IFRS 7.B11B – D. This is due to the unavailability of this data following the separation of FBN from the former Fortis Group.

ABN AMRO Group reviewed consolidated semi-annual financial statements for the six month period ended 30 June 2010

The Group Interim Financial Information is the first consolidated interim financial statements prepared by ABN AMRO Group consolidating the businesses of ABN AMRO Bank Standalone and FBN for the six month period ended 30 June 2010.

The Group Interim Financial Information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements as part of the 2009 ABN AMRO Bank Standalone Annual Review as at 31 December 2009 and as part of the 2009 FBN Annual Report as at 31 December 2009.

The legal and economic creation of the new ABN AMRO Group headed by ABN AMRO Group took place in various different phases, ultimately resulting in the Legal Merger between ABN AMRO Bank Standalone and FBN as a subsidiary of ABN AMRO Group at 1 July 2010. The different steps leading to the creation of the new ABN AMRO Group have been accounted for in the Group Interim Financial Information.

The combination of ABN AMRO Group and ABN AMRO Bank Standalone can be regarded as a continuation of the financial history of the Dutch State Acquired Businesses of the Former ABN AMRO Group, because ABN AMRO Group did not constitute a business as of the date ABN AMRO Bank Standalone was acquired. As a result, the Group Interim Financial Information includes the results of ABN AMRO Bank Standalone for the full six month period ended 30 June 2010, as if the combination of ABN AMRO Group and ABN AMRO Bank Standalone had existed in that form throughout the six month period ended 30 June 2010. Comparative information has been included for the six month period ended 30 June 2009 in the Group Interim Financial Information.

The subsequent acquisition by ABN AMRO Group of FBN qualifies as a transaction under common control and has therefore been accounted for without application of IFRS 3 Business Combinations. As a result, the assets, liabilities and contingent liabilities of ABN AMRO Bank Standalone and FBN have been recognized by ABN AMRO Group at their existing book values at the moment of acquisition and no goodwill has been recognized by ABN AMRO Group. Therefore, the Group Interim Financial Information includes the financial results of FBN for the full six month period ended 30 June 2010, as if the two banks have been together since 1 January 2010. Comparative information has been included for 2009 in the Group Interim Financial Information.

A common set of accounting policies and principles has been defined for the new ABN AMRO Group headed by ABN AMRO Group To that end, the accounting policies and principles of ABN AMRO Bank Standalone and FBN were harmonized. Any adjustment as a result of a change in accounting policies for one of the two banks was adjusted for in the opening equity as at 1 January 2009. The net impact of the harmonization remained insignificant to the opening equity as at 1 January 2009 and the income statement. More details of the effect of the accounting policy harmonization are provided in the section “Accounting policy harmonization” in the Group Interim Financial Information.

To align with the classification of line items as defined for the new ABN AMRO Group headed by ABN AMRO Group, certain line items of ABN AMRO Bank Standalone and FBN were reclassified for that period.

The Group Interim Financial Information is prepared 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, and available-for-sale financial assets;
- 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.

The financial information contained in the Group Interim Financial Information has been prepared in accordance with IFRS as adopted by the European Union.

The Group Interim Financial Information discloses more details than strictly needed by IFRS to be able to present the consolidated figures of ABN AMRO Group for the first time. Future interim financial reports may not be as extensive.

The Group Interim Financial Information includes the operating results and the transaction result upon sale of the Divestment Business pursuant to the EC Remedy until the moment of completion of the sale. In these financial statements the activities disposed of under the EC Remedy have not been classified as discontinued operations.

The Group Interim Financial Information excludes the Shared Assets, in which each of the consortium shareholders has a joint and indirect interest. The net value of the assets and liabilities constituting the Shared Assets are currently expected to remain for an interim period in RBS Holdings N.V.

On 29 January 2010, EBN and BGL BNP Paribas finalized the sale of Intertrust (a corporate financial planning management and operational support, administration and accounting and asset planning service provider) to Waterland Private Equity Investments, having received all regulatory and other necessary approvals. Therefore the results of Intertrust are included in the 2009 results and balance sheet. Prime Fund Solutions (a business line focusing on the provision of services to alternative hedge funds globally, including fund administration, banking, custody and financing services) is included in the financials up to the pending completion of the announced sale.

Differences between US GAAP, IFRS and IFRS as adopted by the European Union

Unless otherwise indicated, the financial information included in and incorporated by reference into this Base Prospectus has been prepared in accordance with IFRS as adopted by the European Union (in the case of ABN AMRO Group and FBN) and IFRS as adopted by the European Union and as issued by the IASB (in the case of ABN AMRO Bank Standalone in respect of its pro forma financial information for the year ended 31 December 2009).

None of the financial information presented or incorporated by reference in this Base Prospectus has been audited in accordance with auditing standards generally accepted in the United States (“US GAAS”) or the auditing standards of the US Public Company Accounting Oversight Board (“US PCAOB”). There could be differences between the auditing standards issued by the International

Auditing and Assurance Standards Board (“**IAASB**”) or the Netherlands Institute of Registered Accountants (“**NIVRA**”) and US GAAS or the auditing standards issued by the US PCAOB.

Furthermore, none of the financial information presented in or incorporated by reference in this Base Prospectus has been prepared in accordance with accounting standards generally accepted in the United States (“**US GAAP**”). There could be differences between IFRS, IFRS as adopted by the European Union and US GAAP. Prospective investors should consult their own professional advisers for an understanding of such differences.

The financial information included in this Base Prospectus is not intended to comply with SEC reporting requirements. Compliance with such requirements would require the modification or exclusion of certain financial measures including certain Non-US GAAP measures presented herein, and mandate the presentation of certain other information not included herein.

CAPITALIZATION AND INDEBTEDNESS

For information on the capitalization and indebtedness of ABN AMRO Bank, see “Subordinated Liabilities” and “Equity attributable to shareholders of the parent company” in Notes 21, 22 and 25 in the Group Interim Financial Information and the descriptions of the capital instruments issued by ABN AMRO Bank (or its predecessors) on pages F-1 – F-46 of this Base Prospectus.

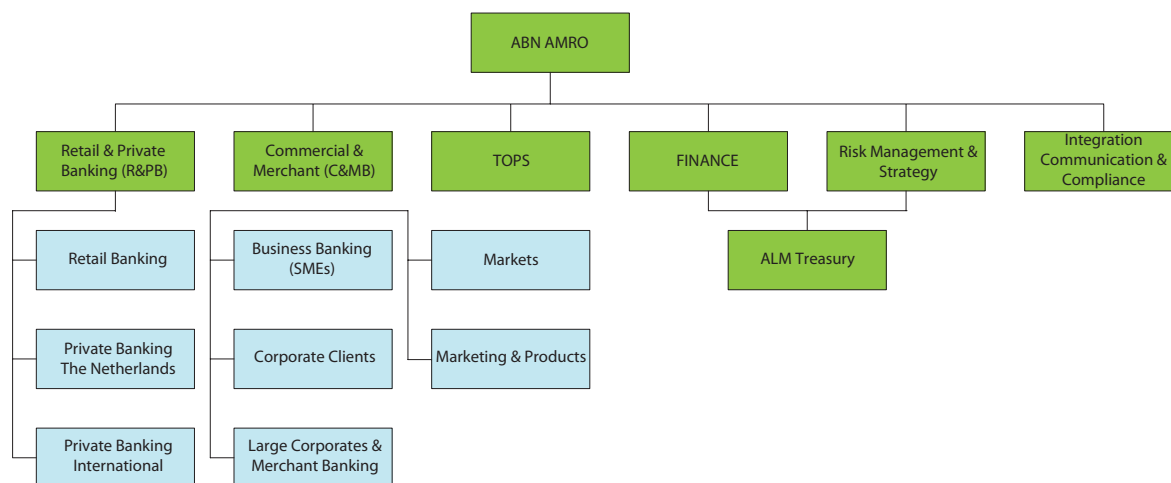
DESCRIPTION OF THE BUSINESS

Overview

ABN AMRO Bank provides a broad range of financial services through its businesses: Retail & Private Banking and Commercial & Merchant Banking.

As described below, in October 2008, the Dutch State acquired FBN, the legal successor of Fortis Bank Nederland (Holding) N.V., together with FBN's interests in the Former ABN AMRO Group's Dutch-based commercial banking business, Dutch consumer banking business, Dutch and international private clients business, diamond and jewelry industry specialist financial service business, head office functions and centrally held asset and liability management portfolios.

ABN AMRO Bank conducts its operations primarily in The Netherlands and selectively abroad.



ABN AMRO Bank has 6.8 million customers, 28,000 employees, 500 branches in the Netherlands, 78 commercial client branches in The Netherlands, 68 private banking branches (47 outside The Netherlands) and its own international network in 28 countries. ABN AMRO Bank seeks to maintain sustainable relationships with its Dutch clients, both as their primary bank in The Netherlands and for all their business abroad.

Retail Banking serves individuals, small businesses and self-employed people. It offers a wide variety of banking and insurance products and services through the branch network, online and via contact centers as well as through subsidiaries. Private Banking in the Netherlands operates under the ABN AMRO MeesPierson label. Private Banking operates in a select number of countries of Europe and Asia under the ABN AMRO label or under local brand names such as Neufelize and Delbruck Bettmann Maffei. ABN AMRO MeesPierson and ABN AMRO Private Banking offer private banking expertise and tailor-made wealth management services, including investment advice, financial planning, international estate planning, discretionary portfolio management, standard private banking services and insurance products.

Commercial & Merchant Banking offers customized financial advice and solutions to Dutch-based companies and their international operations. Its client base includes business start-ups, established SMEs and larger corporate clients, as well as public institutions, multinationals and institutional investors. It is organized along four business activities servicing defined client groups, i.e. Business Banking, Corporate Clients, Large Corporates & Merchant Banking and Markets. Marketing & Products is the central unit for marketing, communications, product management (loans, working capital and insurance) and sector advisory.

The segment Other includes support functions such as Finance (including ALM/Treasury), Technology Operations Property and Services, Risk Management & Strategy, Integration Communication & Compliance, Audit and the Corporate Secretariat.

History and recent developments

Pursuant to the Legal Merger, which became effective on 1 July 2010, the businesses that are now included in ABN AMRO Bank are a combination of the businesses of ABN AMRO Bank Standalone (which was previously part of the Former ABN AMRO Group headed by ABN AMRO Holding N.V.) and the businesses of FBN.

History of ABN AMRO Bank

Acquisition of Former ABN AMRO Group

On 17 October 2007, ABN AMRO Holding N.V. and its subsidiaries were acquired by a consortium of banks through RFS Holdings B.V. The consortium consisted of The Royal Bank of Scotland Group plc (38.3%), Fortis N.V. and Fortis SA/NV (33.8%) and Banco Santander SA (27.9%) (together the “Consortium”).

On 3 October 2008 the Dutch State acquired FBN (at that time named Fortis Bank Nederland (Holding) N.V.). The acquisition included the interest of FBN in RFS Holdings B.V. that represents the acquired businesses of the Former ABN AMRO Group.

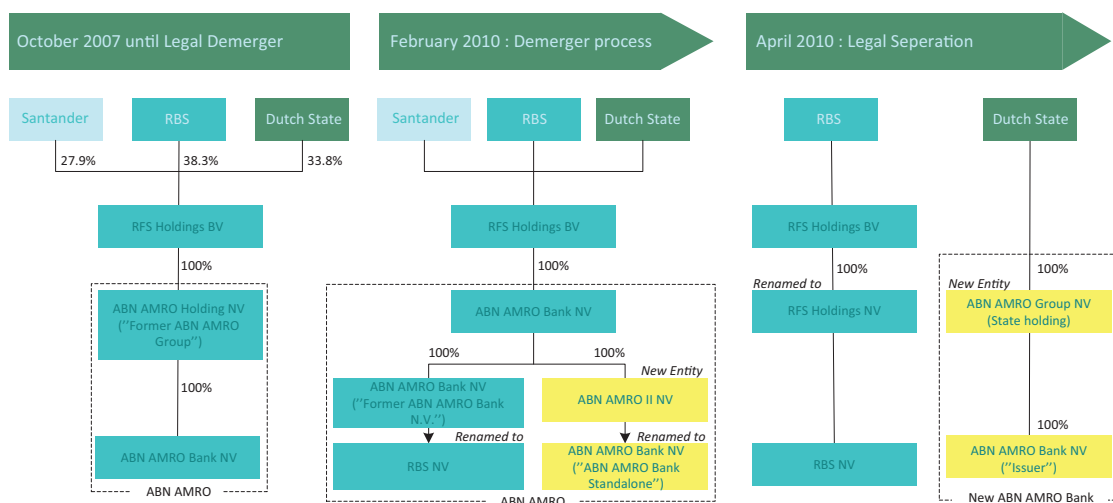
On 24 December 2008 the stake of FBN in RFS Holdings B.V. was transferred to the Dutch State.

The ABN AMRO businesses acquired by the Dutch State from the Former ABN AMRO Group comprised Dutch commercial clients (SMEs and corporates), Dutch consumer clients, and Dutch and international private clients, including the international diamonds and jewelry business.

Separation of ABN AMRO businesses acquired by the Dutch State from Former ABN AMRO Group

The Legal Separation of assets and liabilities of the Former ABN AMRO Group acquired by the Dutch State from the assets and liabilities acquired by the other members of the Consortium was effected in two steps: the Legal Demerger (*juridische splitsing*) and the Legal Separation.

The following diagram details the Legal Demerger and Legal Separation process.



The Legal Demerger

On 30 September 2009, the Former ABN AMRO Group filed a proposal for the Legal Demerger with the Amsterdam Chamber of Commerce. Following confirmation by the Amsterdam District Court that no creditor objections to the Legal Demerger were filed, the Former ABN AMRO Group was able to proceed with the restructuring process of transferring the Dutch State Acquired Businesses into a newly formed entity, ABN AMRO II N.V., which was renamed ABN AMRO Bank N.V. following completion of the Legal Demerger.

On 6 February 2010, the deed of demerger was executed in accordance with the demerger proposal filed with the Amsterdam Chamber of Commerce on 30 September 2009. As a result of the Legal Demerger, the majority of the Dutch State Acquired Businesses of the Former ABN AMRO Group was transferred from Former ABN AMRO Bank N.V. to ABN AMRO Bank Standalone.

Additionally, as part of the overall separation process, some subsidiaries and assets and liabilities were separately transferred from the Former ABN AMRO Bank N.V. to ABN AMRO Bank Standalone ahead of the execution of the Legal Demerger. Certain additional assets and liabilities were separately transferred to ABN AMRO Bank Standalone around the same time or shortly after completion of the Legal Demerger.

Effective at the same date, the Former ABN AMRO Bank N.V. (from which the Dutch State Acquired Businesses of the Former ABN AMRO Group were demerged) was renamed The Royal Bank of Scotland N.V. (“**RBS N.V.**”). ABN AMRO Bank Standalone was also renamed, from ABN AMRO II N.V. to ABN AMRO Bank N.V. (which, following the Legal Merger as discussed below, is ABN AMRO Bank for purposes of this Base Prospectus).

Until the Legal Separation both RBS N.V. and ABN AMRO Bank Standalone were wholly-owned by ABN AMRO Holding N.V.

The Legal Separation

On 1 April 2010, the Legal Separation was effected through a transfer of the shares in the share capital of ABN AMRO Bank Standalone by ABN AMRO Holding N.V. to ABN AMRO Group, a new holding company wholly-owned by the Dutch State, established on 18 December 2009, and independent of ABN AMRO Holding N.V.

After completion of the Legal Separation, the former parent company of ABN AMRO Bank Standalone, ABN AMRO Holding N.V., was renamed RBS Holdings N.V. and currently forms part of RBS Group.

After the Legal Separation ABN AMRO Bank Standalone was no longer governed by ABN AMRO Holding N.V.’s managing board and supervisory board and was no longer regulated on a consolidated basis with ABN AMRO Holding N.V. Instead, ABN AMRO Bank Standalone operated as an independent bank with its own corporate governance and was regulated independently with separate capital adequacy, liquidity measures and exposure, which were reported to and regulated by DNB.

ABN AMRO Bank Standalone went through a period of transition and change as a result of the Legal Demerger and Legal Separation. During this period, ABN AMRO Bank Standalone and RBS N.V. remained interdependent with respect to certain business areas, for which they, *inter alia*, provided certain services to each other including, for instance, IT related services.

History of FBN

Separation of FBN from the former Fortis group, ASR Nederland and Fortis Corporate Insurance

On 3 October 2008, the Dutch State acquired FBN from Fortis Bank SA/NV.

Due to its cross border organization, the split between the FBN and Fortis Bank SA/NV has led to a number of separation projects, particularly within its FBN Global Markets business, client and deal administration, website and online banking, securities handling and finance and risk systems. Both entities have been fully separated by the end of the third quarter of 2010 with the exception of Retail Banking, for which separation has been postponed for an additional three months. As a result of the separation, the Dutch State granted FBN long-term debt funding, which as at 30 June 2010 amounts to EUR 7,575,000,000 (including subordinated debt).

On 21 November 2008, the Dutch State communicated that the FBN insurance business will not be part of ABN AMRO Bank in the future. At the time of communication, ASR Nederland and FBN were equally dependent on each other for information technology, human resources and facilities related services due to the fact that the former Fortis group had set up a cross-border structure to service its business from a central organization. A separation plan has been constructed and signed.

On 20 May 2009, a separation agreement with Fortis Corporate Insurance (“**FCI**”) was signed. The scope of the separation from FCI was determined in a Transitional Service Agreement between FBN and ECI stipulating that FBN had to provide a total of 27 services until 1 October 2010. All separation activities were completed in the third quarter of 2010 with the exception of only one relatively minor service with respect to the redirection of telephone numbers, which will continue to be provided until the middle of December 2010.

Simplification of the legal structure of FBN

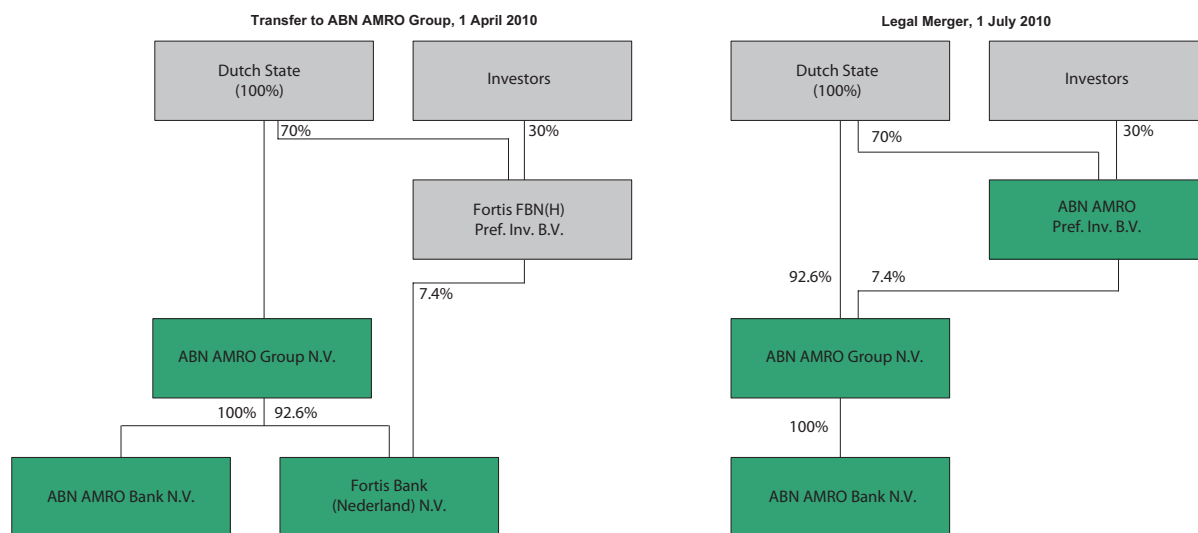
FBN simplified its legal structure on 1 September 2009. By way of a legal merger in accordance with the Dutch Civil Code, Fortis Bank (Nederland) N.V. (the “**Disappearing Company**”) (a 100% subsidiary of Fortis Bank Nederland (Holding) N.V. under the old legal structure) merged with Fortis Bank Nederland (Holding) N.V. (the “**Acquiring Company**”). As a result, the Acquiring Company acquired all assets and liabilities of the Disappearing Company by universal succession and the Disappearing Company has ceased to exist. Additionally, on the effective date of the legal merger, the Acquiring Company changed its statutory name to “**Fortis Bank (Nederland) N.V.**”.

Integration of ABN AMRO Bank Standalone and FBN

On 21 November 2008, the Dutch Minister of Finance announced the intention of the Dutch State to integrate the businesses of the Former ABN AMRO Group acquired by the Dutch State with FBN into a new bank operating under the name ABN AMRO Bank N.V.. The legal integration took place in two steps: the composition of a single group and the Legal Merger.

The integration of ABN AMRO Bank Standalone with FBN was subject to approval of the Dutch State, the relevant Dutch and international supervisory authorities (including DNB) and successful completion of the Legal Merger process.

The following diagram details the Legal Merger process:



Composition of a single group

On 1 April 2010, following the Legal Separation, ABN AMRO Bank Standalone and FBN became direct subsidiaries of a joint parent company, ABN AMRO Group.

As from 1 April 2010, the Managing Boards and the Supervisory Boards of ABN AMRO Bank Standalone, FBN and ABN AMRO Group consisted of the same members. In addition, joint senior management for select parts of both ABN AMRO Bank Standalone and FBN was appointed, i.e. one manager was responsible for managing comparable teams and activities at both banks. However, both

ABN AMRO Bank Standalone and FBN operated as separate and independent banks until the Legal Merger took effect.

The Legal Merger

On 1 July 2010, ABN AMRO Bank Standalone and FBN merged pursuant to the Legal Merger (*juridische fusie*), following which ABN AMRO Bank NV was the surviving entity (*verkrijgende vennootschap*) and FBN was the disappearing entity (*verdwijvende vennootschap*). As a result of the Legal Merger ABN AMRO Bank NV assumed all of the rights and obligations of FBN by operation of law under universal title (*onder algemene titel*). This also meant that all branches and subsidiaries of FBN became branches and subsidiaries of ABN AMRO Bank.

In connection with the Legal Merger, ABN AMRO Group issued 75,000,000 class A noncumulative preference shares to ABN AMRO Preferred Investments B.V. (previously Fortis FBN(H) Preferred Investments B.V.) in exchange for 150,000 class A non-cumulative preference shares Fortis Bank (Nederland) N.V. on 1 July 2010.

The Dutch State owns 35 priority shares and institutional investors own three classes of five ordinary shares in ABN AMRO Preferred Investments B.V. The priority shares held by the Dutch State effectively allow the Dutch State to control this entity.

Integration

On 1 July 2010, the effective date of the Legal Merger, a major rebranding exercise took place where the Fortis Bank Nederland name was rebranded to ABN AMRO. Unlike the other businesses, Retail Banking will continue to use the Fortis Bank Nederland trade name until the systems have been integrated. MeesPierson will operate under the name ABN AMRO MeesPierson. From 1 October 2010, the Fortis Bank brand will no longer be used in The Netherlands, as the brand belongs to BNP Paribas Fortis.

EC Remedy

In order to satisfy the conditions imposed by the European Commission for approval of the Legal Merger and integration of FBN and ABN AMRO Bank Standalone, ABN AMRO Bank Standalone was required to satisfy certain conditions, including divesting part of its commercial banking business in The Netherlands (the “**EC Remedy**”) including 13 district offices servicing smaller enterprises, two regional offices servicing smaller enterprises, two regional offices servicing corporate clients, certain related assets and liabilities, and the assets and liabilities of the Hollandsche Bank-Unie business, which included certain precious metals businesses and its factoring product portfolio. On 23 December 2009, ABN AMRO Bank Standalone and Deutsche Bank AG entered into a share purchase agreement for the sale of New HBU II, NV (“**HBU II**”) and IFN Finance BV (“**IFN Finance**”) (which together “**Divestment Businesses**”).

The portion of the Divestment Businesses held by HBU II comprised (i) certain assets and liabilities demerged from ABN AMRO Bank Standalone into HBU II, including 13 district offices servicing smaller enterprises and two regional offices servicing corporate clients, and (ii) the assets and liabilities of the Hollandsche Bank-Unie business, which included certain precious metals businesses. The portion of the Divestment Businesses held by IFN Finance comprised the BU Netherlands’ factoring product portfolio.

The sale price agreed for HBU II (which was renamed Deutsche Bank Nederland N.V.) and IFN Finance, and which included a guarantee by ABN AMRO Bank to provide for 75% of the credit losses associated with these assets (the “**credit umbrella**”) and an amount for certain other liabilities and costs, was EUR 700 million.

On 1 April 2010, the sale of HBU II and IFN Finance to Deutsche Bank AG was completed. However, as a result of the EC Remedy, ABN AMRO Bank has committed itself to continue to provide certain services to Deutsche Bank Nederland N.V.

The audited pro forma financial information of ABN AMRO Bank Standalone for the year ending 31 December 2009 has not been adjusted for the effect of the sale of the Divestment Businesses pursuant to the EC Remedy.

The transaction was concluded on 1 April 2010; the result on this transaction was therefore recorded in the second quarter of 2010. The total transaction result recorded is a loss of EUR 812 million. This transaction loss include:

- a book loss (difference between sale price and book value);
- a credit loss guarantee (covers 75% of potential credit losses of the portfolio at the time of the closing of the transaction);
- a cross liability (HBU II remains under Dutch law legally liable for all debts of ABN AMRO Bank and RBS NV. This so-called cross liability is capped to the equity of the new HBU entity. As part of the sale agreement ABN AMRO Bank has agreed to indemnify Deutsche Bank AG for the risk related to this cross liability for a period of 5 years); and
- transaction related costs.

ABN AMRO Bank bought a counter guarantee to cover this risk.

The credit umbrella covers the portfolio that existed at the time of closing, i.e. 1 April 2010, and provides for protection against potential losses on the principal amount, interest and, to a certain extent, credit-related fees for:

- committed exposure with a specified maturity date: until (re)payment in full;
- committed exposure without a specified maturity date and any uncommitted exposure: until 1 year after closing.

Material amendments will lead to lapse of the coverage under the credit umbrella. ABN AMRO Bank estimated the loss under the credit umbrella based on fair value. Basel II data such as Probability of Default, Exposure at Default and Loss Given Default were used. Based on these parameters, expectations for future periods were developed. The liability for the credit loss guarantee is amortized and periodically tested if the guarantee fee is sufficiently accrued. Based on the latest information of the portfolio that is covered by the credit umbrella, an update of the accrual for the credit umbrella is prepared on a quarterly basis.

International footprint

The Issuer has a presence in 28 countries and territories, including The Netherlands, where various client centers are active with the help of the support centers. In addition to a strong network in The Netherlands, ABN AMRO Bank has a presence in 18 countries and territories in Europe (including The Netherlands), with a focus on the neighboring countries (Belgium, Germany, France, and the UK) and Switzerland. Outside Europe the Issuer is present in Australia, Botswana, Brazil, Hong Kong, India, Japan, the Dutch Antilles, Singapore, United Arab Emirates and the United States.

Operations

ABN AMRO Bank divides its operations into Retail & Private Banking and Commercial & Merchant Banking.

Retail & Private Banking

Retail & Private Banking (“**R&PB**”) includes Retail Banking and Private Banking. Retail Banking serves individuals, small businesses and self-employed people. It offers a wide variety of banking and insurance products and services through the branch network, online and via contact centers as well as through subsidiaries. ABN AMRO Private Banking and ABN AMRO MeesPierson (in The Netherlands) offer private banking expertise and tailor-made wealth management services, including investment advice, financial planning, international estate planning, discretionary portfolio management, standard private banking services and insurance products in a select number of countries of Europe and Asia under the ABN AMRO label or under local brand names such as Neufize and Delbruck Bettmann Maffei.

Retail Banking

Retail Banking consists primarily of Retail Banking Nederland, Direktbank N.V., Alfam Holding N.V. and International Card Services B.V. Retail Banking serves individuals, small businesses and self-employed people. It offers a variety of banking and insurance products and services through the branch network, on-line and via contact centers as well as through subsidiaries. Its mission is to create a profitable and solid business by delivering first-class service to both current and prospective customers. This mission has been translated into a strategy and service concept designed to meet customer expectations.

ABN AMRO Bank offers a wide variety of banking and insurance products and services through the branch network, online and via contact centers.

The following subsidiaries of ABN AMRO Bank primarily operate under the Retail Banking business.

Direktbank

Direktbank N.V. (“**Direktbank**”) sells mortgages and works exclusively with independent mortgage advisers. Direktbank offers most types of mortgages, as well as service products such as bank guarantees and removal loans (*overbruggingskredieten*).

Direktbank sells mortgages through its subsidiaries Fortis Hypotheek Bank N.V., Alkmaar Hypotheken, LOGON Hypotheken B.V., Oosteroever Hypotheken, Quion 9 and Qent Hypotheken. On 30 August 2010 Direktbank and Fortis Hypotheekbank N.V. have merged, following which Direktbank was the surviving entity and Fortis Hypotheek Bank N.V. was the disappearing entity. Direktbank works with large mortgage chains and mortgage purchasing combines in The Netherlands.

Alfam

Alfam Holding N.V. (“**Alfam**”) is ABN AMRO Bank’s competence center for consumer finance. As a financial processing unit, its function is to ensure accurate administration of consumer loans. Alfam sells consumer loans via intermediaries under three different labels: Alpha Credit Nederland, Credivance and Defam.

International Card Services

International Card Services B.V. (“**ICS**”) is ABN AMRO Bank’s credit card specialist. ICS issues, promotes, manages and processes credit card transactions. It also offers customers other financial services, such as insurance products and revolving credit facilities. ICS facilitates a large number of co-branded credit card programs, such as the ANWB Visa Card, Bijenkorf MasterCard, Fortis Bank Visa Card and MasterCard, Piet Zoomers MasterCard and BMW Visa Card.

MoneYou

MoneYou B.V. (“**MoneYou**”), a wholly-owned subsidiary of ABN AMRO Bank, operates as an internet bank offering savings accounts to consumer and commercial clients in The Netherlands as well as offering residential mortgages and consumer lending.

ABN AMRO Hypotheken Groep

ABN AMRO Hypotheken Groep B.V. (“**AAHG**”), a wholly-owned subsidiary of ABN AMRO Bank founded in January 2006, is the supplier of all ABN AMRO labeled residential mortgage products while also being the legal and economic owner of the residential mortgage portfolios of its Florius brand and of its subsidiary MNF Bank NV. Product development, sales, marketing, risk management and collections are also conducted through AAHG.

ABN AMRO Verzekeringen

Delta Lloyd ABN AMRO Verzekeringen Holding B.V. (“**ABN AMRO Verzekeringen**”) is a joint venture founded in 2003 with Delta Lloyd in which ABN AMRO Bank holds a 49% stake. ABN AMRO Verzekeringen offers life and non-life insurance products to consumer and commercial clients under the ABN AMRO brand. ABN AMRO Verzekeringen is the legal and economic owner of the ABN AMRO-

labeled insurance portfolios and is responsible for product development, procurement, operations, risk management and collections. ABN AMRO Bank acts as an intermediary for ABN AMRO Verzekeringen by selling and advising consumer clients on a comprehensive range of life and non-life insurance products, for which ABN AMRO Bank receives commission payments from ABN AMRO Verzekeringen.

Private Banking (including International Diamond & Jewelry Group)

ABN AMRO Bank's private banking operations in The Netherlands are conducted under the ABN AMRO MeesPierson label. ABN AMRO Bank's private banking operations in a select number of countries in Europe and Asia are conducted under the ABN AMRO label or under local brand names as Neuflyze and Delbruck Bettmann Maffei. ABN AMRO MeesPierson and ABN AMRO Private Banking offer private banking expertise and tailor-made wealth management services, including investment advice, financial planning, international estate planning, discretionary portfolio management, standard private banking services and insurance products.

In addition, the Issuer services its International Diamond & Jewelry Group (“**ID&JG**”) clients. ID&JG is a global specialist provider of financial services to predominantly SMEs in the global diamond & jewelry industry. ID&JG focuses on client relationship management and distribution of commercial banking products and services to enhance cross-sales as well as coverage of the industry-related private wealth.

Commercial & Merchant Banking

C&MB offers customized financial advice and solutions to Netherlands-based companies and their international operations. Its client base includes business start-ups, established SMEs and larger corporate clients, as well as public institutions, multinationals and institutional investors. C&MB is organized along four business lines servicing defined client groups (as described below). Marketing & Products is the central unit in C&MB for marketing, communications, product management (loans, working capital and insurance) and sector advisory.

The integration of C&MB following the Legal Merger is expected to be finalized in 2012.

Business Banking

Business Banking focuses on SMEs with a turnover up to EUR 30 million. Business Banking offers a full range of banking products covering cash management and payment services, debt solutions, treasury and insurance products. Coverage in The Netherlands is nationwide with delivery of products and services delivery through 78 branches for relationship banking clients with more complex needs and requiring customized products. Products offered via direct banking (Your Business Banking) are typically more standardized and aimed at self-directed clients. In addition, clients have access to basic commercial banking needs at approximately 500 retail locations in The Netherlands and the international network of Corporate Clients.

Corporate Clients

Corporate Clients serves corporations with a turnover in the range of EUR 30-500 million. Core products include cash management and trade, financing, treasury, insurance, leasing and factoring. Debt solutions and corporate finance products are also available on demand. Client servicing is through a client team with a sector focus. It includes a dedicated relationship manager and product and sector specialists according to the client's specific needs. Coverage in The Netherlands is nationwide from five locations.

To service the international activities of the Dutch corporate client base there are commercial banking units in the United Kingdom, France, Germany and Belgium. In other countries there are agreements with best-in-class partner banks. ABN AMRO Bank is actively seeking to extend its own network to cover the vast majority of Dutch clients' international needs.

Large Corporates & Merchant Banking

Large Corporates & Merchant Banking (“**LC&MB**”) manages the relationships with Dutch companies generating a turnover over EUR 500 million. In addition, it serves clients in Energy, Commodities and

Transportation (“**ECT**”), real estate and financial institutions. Clients have access to all core products as well as specialist product expertise. This includes Corporate Finance & Capital Markets (including M&A advisory, IPOs, share and bond issuance, advisory services on valuation and restructuring) and Debt Solutions in the area of acquisition and leveraged finance (including mergers, acquisitions, management buy-outs, leveraged buy-outs), export and project finance, loan syndications, structured finance and debt capital markets. LC&MB clients are served by sector teams located in Amsterdam and Rotterdam. LC&MB has a global offering to clients that are active worldwide, particularly in the energy, commodity and transportation industries and has foreign offices in Greece, Norway, UAE, the United States, Singapore and Brazil. ABN AMRO Bank is seeking to selectively extend ECT’s global presence.

Markets

Markets offers a broad range of tailor-made products and services in the field of foreign exchange, fixed income, money markets, derivatives, private investment products, securities financing and energy, carbon and commodities. These products target various internal and external client groups: from private investors to small and larger businesses to large corporate clients and financial institutions. In The Netherlands, Markets has sales and trading activities in Amsterdam and Treasury Desks in five regions. While Markets also maintains worldwide presence through its securities financing business, Markets is building on restoring its international sales and trading network in Europe, Asia and the United States.

The Brokerage, Clearing & Custody (“**BCC**”) business structured in Markets offers an integrated approach to transaction processing, financial logistics, risk management and assets financing. As a global clearing and custodian bank, it processes and manages international securities and derivatives transactions, on and off-exchange. The client base of BCC includes financial intermediaries, professional traders and institutional investors. BCC has presence in ten countries covering three time zones.

The following subsidiaries of ABN AMRO Bank primarily operate under the C&MB business.

ABN AMRO Commercial Finance

ABN AMRO Commercial Finance Holding N.V. (“**AACF**”) provides factoring activities which include accounts receivable finance, inventory finance, multi-local commercial finance, floor planning (automobile industry), reverse factoring, import and export factoring, credit cover and risk cover. AACF operates an extensive international network and has operations in 12 countries and Hong Kong. ABN AMRO Bank’s factoring business also operates under the label IFN (Belgium, France) and Venture Finance (UK). The rebranding of Fortis Commercial Finance into ABN AMRO Commercial Finance was scheduled to be completed in the third quarter of 2010, but has been rescheduled to happen at least three months later.

ABN AMRO Lease

ABN AMRO Lease N.V. (“**Amstel Lease**”) (previously Amstel Lease Maatschappij N.V.) is an equipment leasing company. It provides lease contracts throughout the world: from sea containers to tractors and from plant and equipment to vehicle fleets. Sales and distribution of lease is primarily through Amstel Lease’s own network and ABN AMRO Bank’s offices. Outside The Netherlands, Amstel Lease operates in Belgium, Germany and the United Kingdom.

ABN AMRO Groenbank

ABN AMRO Groenbank B.V. (“**ABN AMRO Groenbank**”) attracts savings and investment capital from R&PB to provide with these funds green financing to companies that invest in sustainable projects in The Netherlands. On 28 June 2010, a merger proposal was filed with the Chamber of Commerce pursuant to which ABN AMRO Groenbank will be the surviving entity and Fortis Groenbank B.V. will be the disappearing entity. The legal merger was completed on 1 October 2010.

Other

Other includes support functions such as Finance (including ALM/Treasury), Technology Operations Property and Services (TOPS), Risk Management & Strategy, Integration Communication & Compliance, Audit and the Corporate Secretariat.

Capital or equivalent

ABN AMRO Bank's authorized 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.

Main shareholder, group and control

Shareholder

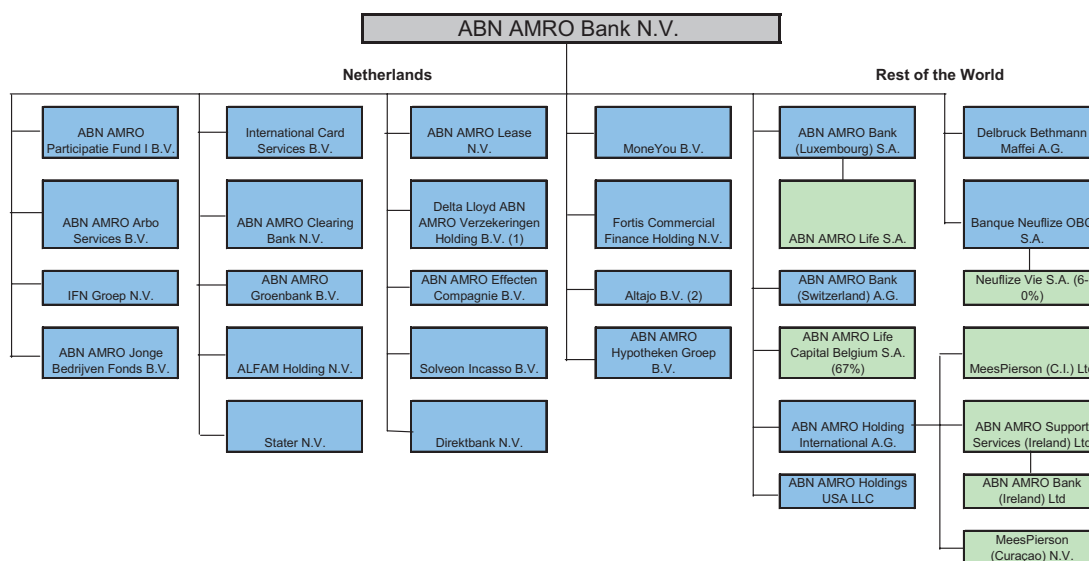
Following the Legal Merger, ABN AMRO Bank is the only direct subsidiary of ABN AMRO Group and ABN AMRO Group has no significant activities other than holding the shares in ABN AMRO Bank. The managing board and the supervisory board of ABN AMRO Group are composed of the same members as ABN AMRO Bank.

As of 1 July 2010, the shareholders of ABN AMRO Group are the Dutch State and ABN AMRO Preferred Investments B.V. The Dutch State holds all outstanding ordinary shares in the share capital of ABN AMRO Group and ABN AMRO Preferred Investments B.V. holds all outstanding preference shares in the share capital of ABN AMRO Group. The Dutch State holds a majority of the shares in the share capital of ABN AMRO Preferred Investments B.V.

See also "Risk and Capital Management—Capital resources and minimum capital requirement information—Capital instruments—Fortis Capital Company Ltd".

Group

Set out below is a diagram of the legal structure of ABN AMRO Bank and its main direct and indirect subsidiaries:



Notes:

Unless otherwise stated, the Issuer's interest is 100% or almost 100%, following the Legal Merger. Those major subsidiaries and participating interests that are not 100% consolidated but are accounted for under the equity method or proportionally consolidated (i) are indicated separately or (ii) were sold due to the EC Remedy (IFN Finance B.V.). The subsidiaries highlighted in green are indirectly held by the Issuer.

(1) Joint Venture (49%) with Delta Lloyd.

(2) Joint Venture (50%) with Rabobank.

Control

Although the Dutch State has full control over ABN AMRO Group the Dutch State is not involved in the day-to-day management of ABN AMRO Bank.

403 Statement

On 1 April 2010, ABN AMRO Group 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**”). Pursuant to the 403 Declaration, ABN AMRO Group 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 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 under the 403 Declaration is unconditional and is not limited in amount or by the type of Issuer 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 as well. Furthermore, since ABN AMRO Group 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 may revoke the 403 Declaration at any time.

OPERATING AND FINANCIAL REVIEW

Financial data

The following discussion and analysis of ABN AMRO Bank's results of operations and financial condition relates to the historical financial information as at and for the six month period ended 30 June 2010 (together with comparatives, where appropriate, as at and for the six month period ended 30 June 2009) and, with respect to ABN AMRO Bank Standalone and FBN as at and for the years ended 31 December 2008 and 2009. This should be read, subject to the cautionary statements noted in "Risk Factors" (in particular the risk factors relating to the presentation of and comparability among the financial information included or incorporated by reference in this Base Prospectus and "Presentation of Financial Information" in conjunction with the Standalone Financial Information and the Group Interim Financial Information and the related notes and other financial information included elsewhere in this Base Prospectus.

*The historical financial information included in this discussion for the period from 1 January 2008 to 31 December 2009 relates to the financial information of ABN AMRO Bank Standalone and FBN prior to the Legal Merger which occurred on 1 July 2010. In order to assist prospective investors in evaluating the results of operations of ABN AMRO Bank following the Legal Merger, the Issuer has included herein and discusses below the Group Interim Financial Information, relating to the financial information of ABN AMRO Group, which reflects on a parent company combined basis the results of ABN AMRO Bank Standalone and FBN as if the Legal Merger had occurred on 1 January 2010. The Group Interim Financial Information has been compiled on a different basis than the Standalone Financial Information (which is company-only financial information). In respect of the Standalone Non-Harmonized Financial Information 2009/2008 the differences relate to the harmonization of accounting policies and principles and the reclassification of certain line items and the elimination of inter-company positions upon consolidation. **Accordingly, an investor may not be able to effectively compare the Group Interim Financial Information to the Standalone Harmonized Financial Information 2010, or the Standalone Non-Harmonized Financial Information 2010 to the Standalone Financial Information 2009/2008.***

The financial information contained in this review has been prepared in accordance with IFRS as adopted by the European Union and as issued by the IASB in the case of ABN AMRO Bank Standalone and IFRS as adopted by the European Union in the case of ABN AMRO Group and FBN.

Key factors affecting results of operations

General market conditions

ABN AMRO Bank's revenues and results of operations are affected by, among other factors general economic conditions, including economic cycles, the financial markets, 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 Bank's operations may vary from year to year depending on fluctuations in interest rates, changes in market conditions and business cycles.

ABN AMRO Bank's revenues and net profits have been adversely affected by global and local economic and market conditions. The dislocation in financial markets which began in late 2007 put financial institutions in The Netherlands and around the world under considerable pressure. Market turbulence was accompanied by recessionary conditions in developed economies, including The Netherlands, and a slowdown in emerging economies, with serious adverse consequences for asset values, employment, consumer confidence and levels of economic activity.

In The Netherlands and throughout Europe, economic conditions have remained difficult, and market volatility is expected to continue. In addition, the risk exists that major economies may suffer a "double dip" recession in which the improvements seen in a number of important markets may reverse. The financial services industry continues to face a high degree of uncertainty, and ABN AMRO Bank is exposed to these developments across all its businesses, both directly and through their impact on its customers and clients.

Interest rate fluctuations

Changes in interest rates, including changes in the yield curve, can affect ABN AMRO Bank'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 Bank'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 Bank's portfolios. This can also lead to higher returns from ABN AMRO Bank'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 Bank'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 Bank seeks to ensure that it is in a position to meet its obligations at any time. To this end, ABN AMRO Bank maintains a diversified and stable funding base comprising core consumer and commercial customer deposits and institutional balances, and long-term wholesale funding. In addition, ABN AMRO Bank 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 Bank has exposure, can result in reduced liquidity and valuations of those instruments. Rating agencies which determine ABN AMRO Bank's credit ratings and thereby influence the cost of funds, take into consideration the effectiveness of ABN AMRO Bank'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 Bank is subject to the threat of illiquidity extreme price volatility, either directly or indirectly, through exposures to securities, loans and other commitments. Although there was some moderation in market conditions during 2009 and 2010 in our primary markets, it is difficult to predict if this trend will continue. If conditions worsen, ABN AMRO Bank'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 measures set by DNB.

Regulatory environment

As a financial services firm, ABN AMRO Bank is subject to financial services laws, regulations, corporate governance requirements, administrative actions and policies in each location in which it operates. In particular, ABN AMRO Bank is subject to extensive regulation by the Dutch regulatory authorities and the European Commission. In 2009, as many government economic support 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 considering a wide range of proposals that, if enacted, could result in major changes to the way ABN AMRO Bank's international operations are regulated.

In addition, ABN AMRO Bank's results have been impacted by regulatory and legal requirements in relation to the integration of ABN AMRO Bank Standalone and FBN through the Legal Merger. See "*Description of the Business—Integration of ABN AMRO Bank Standalone and FBN—Legal Merger*". The European Commission imposed a number of conditions upon the Legal Merger, including the sale of the EC Remedy Businesses pursuant to the EC Remedy, which resulted in a conditional loss of EUR 812 million as described below. See "*Description of the Business—EC Remedy*". Additional conditions imposed by the European Commission or any other regulatory bodies could impact ABN AMRO Bank's future results.

Exchange rate fluctuations

ABN AMRO Bank is an international financial institution doing business in a variety of currencies. However, open positions are strictly monitored and managed and are kept within well-defined limits.

The financial performance of ABN AMRO Bank'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 Bank's foreign operations, including goodwill and purchase accounting adjustments, are translated to ABN AMRO Bank'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.

EC Remedy

In order to satisfy the conditions imposed by the European Commission for approval of the integration of FBN and ABN AMRO Bank Standalone, ABN AMRO Bank Standalone was required to divest part of its commercial banking business representing approximately 7% of the total revenues of the Dutch State Acquired Businesses. On 1 April 2010, the sale of the EC Remedy Businesses to Deutsche Bank AG was completed.

The EUR 700 million sale price agreed for the EC Remedy Businesses included a guarantee by ABN AMRO Bank to provide for 75% of the credit losses associated with the defaults of clients of the EC Remedy Businesses and an amount for certain other liabilities. The total result recorded (including a book loss, the credit loss guarantee, transaction-related costs and the cross liability indemnity (HBU remains under Dutch law legally liable for all debts of ABN AMRO Bank and RBS NV; this so-called cross liability is capped to the equity of the new HBU entity and as part of the sale agreement ABN AMRO Bank has agreed to indemnify Deutsche Bank AG for the risk related to this cross liability for a period of 5 years)) is a loss of EUR 812 million. The loss is conditional to an audit of the closing accounts which will be completed in the second half of 2010.

Explanation of key income statement items

Net interest income

Interest income and expense is recognized in the income statement using the effective interest rate method. The application of this 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.

Net fee and commissions income

Fees and commissions income is recognized as follows. Fees and commissions generated as an integral part of negotiating and arranging funding transactions with customers (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 and commissions generated for transactions or discrete acts are recognized when the transaction or act is complete. Fees and commissions dependent on the outcome of a particular event or contingent

upon performance are recognized when the relevant criteria have been met. 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. Asset management fees related to investment funds are also recognized over the period the service is provided. These principles are also applied to the recognition of income from wealth management, financial planning and custody services that are provided over an extended period of time.

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, dividends received from trading instruments as well as related funding costs. Net trading income also includes changes in fair value arising from changes in counterparty credit spreads and changes in ABN AMRO Bank's credit spreads where it impacts the value of ABN AMRO Bank's derivative 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 certain hedging programs, the change in fair value of derivatives used to hedge credit risks that are not included in hedge accounting relationships, fair value changes relating to assets and liabilities designated at fair value through profit or loss 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 Bank credit spreads. Dividend income from non-trading equity investments, excluding associated companies is recognized in results from financial transactions when entitlement is established.

Other operating income

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

Operating expenses

Operating expenses include personnel expenses, general and administrative costs, depreciation and amortization and goods and materials of consolidated private equity holdings.

Loan impairments and other credit risk provisions

Loan impairments and other credit risk provisions are made for estimated losses in outstanding loans for which there is doubt about the borrower's capacity to repay the principal and/or the interest.

Results of Operations for the six month periods ended 30 June 2010 and 2009

The comparative discussion below with respect to the Group Interim Financial Information reflects ABN AMRO Bank's operational structure as it is intended to exist going forward while the discussion with respect to the financial information for the years ended 31 December 2009 and 2008, respectively, reflects ABN AMRO Bank Standalone's and FBN's, respectively, operational structure as they existed prior to the Legal Merger.

Financial Information for the periods ended 30 June 2010 and 2009

The following tables set out selected financial information relating to the six month periods ended 30 June 2010 and 30 June 2009 (the latter of which is presented for comparative purposes only). For more complete information see pages F-1 to F-46 hereof:

	Six month period ended 30 June			
	2010	2009	2010	2009
	<i>(Reported)</i>	<i>(Underlying)</i>		
	<i>(in millions of euros)</i>			
Net interest income	2,436	2,180	2,436	2,180
Non-interest income	401	1,665	1,213	1,302
Operating income	2,837	3,845	3,649	3,482
Operating expenses	(3,390)	(2,550)	(2,744)	(2,472)
Loan impairments	(348)	(772)	(348)	(772)
Profit / (loss) before taxation	(901)	523	557	238
Income tax expense	(67)	(103)	(232)	(31)
Profit / (loss) for the period	<u>(968)</u>	<u>420</u>	<u>325</u>	<u>207</u>
Assets Under Management	151,977	138,567		
Cost/income ratio	119%	66%	75%	71%
Risk Weighted Assets	120,152			
FTEs	27,870	30,341		

With respect to the Group Interim Financial Information, the figures reported are impacted by several items which are related to the separation ABN AMRO Bank Standalone from RBS N.V. and FBN from the former Fortis Group and the integration of ABN AMRO Bank Standalone and FBN. As the reported results do not give a good indication of the underlying trends, the Group Interim Financial Information has been adjusted for these items. In the analysis presented below, the underlying figures for these periods are the reported figures excluding these items.

These items are the transaction result on the closing of the EC Remedy, an exceptional result following a settlement on Fortis Capital Company Ltd. (“FCC”), a restructuring provision, and integration and separation costs.

The restructuring provision was incurred for the planned reduction in personnel and housing resulting from the integration of ABN AMRO Bank Standalone and FBN. The restructuring provision is in addition to the separation and integration costs which are recorded as current costs in all segments until completion of the integration in 2012. The transaction result of the closing and the EC Remedy amounted to a loss of EUR 812 million. The negative result is mainly due to a loss on the book value, a guarantee provided for the potential losses on the assets sold (the credit umbrella), the cost of indemnification for cross-liability exposure and separation and migration costs. The loss is conditional to an audit of the closing accounts which will be completed in the second half of 2010.

The total impact of these items is provided in the table below. Unless otherwise indicated, these items are recorded in the segment ‘Other’. The transaction results upon sale of the divested activities as a result of the EC Remedy and the operating results of those divested businesses have been included until the moment of completion.

The following table sets forth the impact of the separation of ABN AMRO Bank Standalone from RBS and FBN from the Fortis Group and the integration of ABN AMRO Bank Standalone and FBN for the six month periods ended 30 June 2010 and 2009:

	Six month period ended 30 June			
	2010		2009	
	<i>(Gross)</i>	<i>(Net)</i>	<i>(Gross)</i>	<i>(Net)</i>
	<i>(in millions of euros)</i>			
Reported profit / (loss) for the period	(901)	(968)	523	420
Adjustments:				
Transaction loss on sale of EC Remedy	812	812	–	–
Exceptional gain on cash settlement FCC	–	–	(363)	(271)
Integration and separation costs	646	481	78	58
Restructuring provisions	469	349	–	–
Project costs in Retail & Private Banking	22	16	(7)	(5)
Project costs in Commercial & Merchant Banking.. .. .	15	11	3	2
Project costs in Other	140	105	82	61
Total..	<u>1,458</u>	<u>1,293</u>	<u>(285)</u>	<u>(213)</u>
Underlying profit / (loss) for the period	<u>557</u>	<u>325</u>	<u>238</u>	<u>207</u>

Net interest income

Net interest income for the six month period ended 30 June 2010 increased by EUR 256 million, or 12%, to EUR 2,436 million, as compared to EUR 2,180 million for the six month period ended 30 June 2009. This increase was primarily due to further growth in the small-sized enterprises loan portfolio and in savings deposits in R&PB. Margins on savings deposits started to recover as of the end of 2009 as low-margin fixed-rate deposits matured and were replaced by short-term variable-rate deposits which have a higher margin. Mortgage volumes were relatively stable during the period, despite declining new mortgage production. C&MB benefited from growth of the loan portfolio. Other recorded a decline in net interest income mainly due to divestments and interest costs for EUR 2.6 billion Mandatory Convertible Securities (MCS) issued to the Dutch State over the first three months of 2010.

Non-interest income

Underlying non-interest income for the six month period ended 30 June 2010 decreased by EUR 89 million, or 7%, to EUR 1,213 million, as compared to EUR 1,302 million for the six month period ended 30 June 2009. This decrease was mainly due to divestments and fees paid for the credit protection bought from the Dutch State on a EUR 34.5 billion portfolio of own originated residential mortgages, both of which are recorded in Other. Retail & Private Banking and C&MB saw non-interest income rise as a result of higher net fees and commissions on the back of a recovery of capital markets and the acquisition of the US clearing activities.

Operating income

Underlying operating income for the six month period ended 30 June 2010 increased by EUR 167 million, or 5%, to EUR 3,649 million, as compared to EUR 3,482 million for the six month period ended 30 June 2009. This increase resulted primarily from the 12% increase in net interest income and was partly offset by a 7% decrease in non-interest income. In addition to the changes in the underlying performance discussed above, share of result in equity accounted investments for the six month period ended 30 June 2010 decreased by EUR 22 million, or 51%, to EUR 21 million, as compared to EUR 43 million for the six month period ended 30 June 2009.

Operating expenses

Underlying operating expenses for the six month period ended 30 June 2010 increased by EUR 272 million, or 11%, to EUR 2,744 million, as compared to EUR 2,472 million for the six month period ended 30 June 2009. This increase was largely due to several large additions to the legal provision related to international activities conducted in the past. Excluding these, underlying operating expenses would have remained almost unchanged.

The underlying cost/income ratio increased to 75% for the six month period ended 30 June 2010 from 71% during the six month period ended 30 June 2009, due to several large additions to the legal provision totaling EUR 265 million relating to international activities conducted in the past. Excluding these provisions, the underlying cost/income ratio improved to 68%.

Loan impairments and other credit risk provisions

Loan impairments for the six month period ended 30 June 2010 decreased by EUR 424 million, or 55%, to EUR 348 million, as compared to EUR 772 million for the six month period ended 30 June 2009. This trend reflects the early improvements seen in the Dutch economy which translated into a lower number of corporate defaults in the commercial banking and the large corporates portfolios. In addition, there were no specific provisions in the Private Banking portfolio. Loan impairments were also lower due to divestments.

Taxation

The underlying tax rate during the six month period ended 30 June 2010 of 42% was high due to the non-tax deductibility of additions to the legal provision and funding costs of several tier 1 capital instruments.

Profit/(loss) for the period

Underlying profit for the six month period ended 30 June 2010 increased by EUR 118 million, or 57%, to EUR 325 million, as compared to EUR 207 million for the six month period ended 30 June 2009. The underlying profit for the period rose due to a sharp increase in the profit of R&PB, which was partly offset by a decline in the results of C&MB (due to start-up costs and several large additions to the legal provision) and a decline in the results of Other (due to higher funding costs, credit protection costs and the operating results of the divested activities of the EC Remedy and Intertrust).

Results of operations by business for the six month periods ended 30 June 2010 and 2009

ABN AMRO operates through two client-focused businesses and a support segment being R&PB and C&MB and segment Other (which includes Finance, Risk Management & Strategy, TOPS and ICC). Each business comprises several activities. The activities are conducted primarily in The Netherlands and selectively abroad.

Retail & Private Banking

The following table sets forth the condensed income statement for the Retail and Private Banking segments for the six month periods ended 30 June 2010 and 2009:

	Six month period ended 30 June			
	2010	2009	2010	2009
	<i>(Reported)</i>		<i>(Underlying)</i>	
	<i>(in millions of euros)</i>			
Net interest income	1,730	1,451	1,730	1,451
Non-interest income	649	581	649	581
Operating income	2,379	2,032	2,379	2,032
Operating expenses	(1,448)	(1,411)	(1,426)	(1,418)
Loan impairments	(141)	(270)	(141)	(270)
<i>Profit / (loss) before taxation</i>	790	351	812	344
Income tax expense	(210)	(97)	(216)	(95)
<i>Profit / (loss) for the period</i>	580	254	596	249
Assets Under Management	151,972	138,565		
Cost/income ratio	61%	69%	60%	70%
Risk Weighted Assets	41,893			
FTEs	12,281	13,003		

Net interest income

Net interest income for the six month period ended 30 June 2010 increased by EUR 279 million, or 19%, to EUR 1,730 million, as compared to EUR 1,451 million for the six month period ended 30 June 2009. This improvement was the result of further growth in savings deposits. Margins on savings deposits started to recover from the low levels seen at the end of 2009 as low-margin fixed-rate deposits matured and were replaced by short-term variable-rate deposits which have a higher margin.

This growth was also supported by growth of the loan portfolio in relation to small-sized enterprise clients as well as in the ID&JG activities. Mortgage volumes increased marginally; despite a more than 10% decline of Dutch mortgage production in the past 12 months. This decline is mainly due to the current economic environment. Mortgage margins improved.

Non-interest income

The increase in non-interest income was due to higher net fees and commissions as a result of a recovery of capital markets compared with the same period last year. This is also reflected in higher Assets under Management of Private Banking, which increased by EUR 13.4 billion to EUR 152.0 billion.

Operating income

Operating income for the six month period ended 30 June 2010 increased by EUR 347 million, or 17%, to EUR 2,379 million, as compared to EUR 2,032 million for the six month period ended 30 June 2009. This increase was primarily the result of a 19% increase in net interest income and a 12% rise in non-interest income for the period.

Operating expenses

Underlying operating expenses for the six month period ended 30 June 2010 were nearly unchanged. Several additions to the legal provision for the Private Banking activities were made during this period. Excluding these, operating expenses were lower as a result of a reduction in the number of full time

equivalent staff positions (“FTEs”), which decreased by 722, or 6% as compared to the previous period, as well as continued cost management.

The underlying cost/income ratio improved to 60% for the six month period ended 30 June 2010 as compared to 70% for the six month period ended 30 June 2009.

Loan impairments

Loan impairments for the six month period ended 30 June 2010 decreased by EUR 129 million, or 48%, to EUR 141 million, as compared to EUR 270 million for the six month period ended 30 June 2009. The number of defaults during this period was lower as compared to the previous period, reflecting the improvement of the Dutch economy. In addition, the first six month period of 2009 included specific provisions for loan impairments in the international Private Banking portfolio.

Profit/(loss) for the periods

Underlying profit for the six month period ended 30 June 2010 increased by EUR 347 million, or 139%, to EUR 596 million, as compared to EUR 249 million for the six month period ended 30 June 2009. This increase primarily resulted from a strong increase in revenues, almost flat costs and lower impairments.

Commercial & Merchant Banking

The following table sets forth the Condensed income statement for the Commercial and Merchant Banking segments for the six month period ended 30 June 2010 and 2009:

	Six month period ended 30 June			
	2010	2009	2010	2009
	<i>(Reported)</i>	<i>(Underlying)</i>		
	<i>(in millions of euros)</i>			
Net interest income	792	750	792	750
Non-interest income	537	494	537	494
Operating income	1,329	1,244	1,329	1,244
Operating expenses	(1,075)	(765)	(1,060)	(763)
Loan impairments	(231)	(415)	(231)	(415)
<i>Profit / (loss) before taxation</i>	23	64	38	66
Income tax (expense)/credit	(32)	12	(36)	11
<i>Profit / (loss) for the period</i>	<u>(9)</u>	<u>76</u>	<u>2</u>	<u>77</u>
Assets under management	5	2		
Cost/income ratio	81%	61%	80%	61%
Risk Weighted Assets	52,375			
FTEs	6,025	6,048		

Net interest income

Net interest income for the six month period ended 30 June 2010 increased by EUR 42 million, or 6%, to EUR 792 million, as compared to EUR 750 million for the six month period ended 30 June 2009. These improvements were due primarily to growth in revenues of the loan portfolio and client deposits. These increases were especially noticeable in Business Banking and LC&MB. The volume of savings deposits was slightly lower, but margins recovered as fixed-rate deposits matured and were replaced by short-term variable-rate, a trend similar to the development in R&PB. Markets recorded lower net interest income as a result of volatile market conditions.

Non-interest Income

Non-interest income for the six month period ended 30 June 2010 increased by EUR 43 million, or 9%, to EUR 537 million, as compared to EUR 494 million for the six month period ended 30 June 2009. This increase was largely due to higher net fees and commissions, as LC&MB saw higher trade finance volumes and higher marked-to-market valuations. Markets benefitted from the acquisition of the US clearing activities.

Operating Income

Operating income for the six month period ended 30 June 2010 increased by EUR 85 million, or 7%, to EUR 1,329 million, as compared to EUR 1,244 million for the six month period ended 30 June 2009. This increase was primarily the result of a 6% increase in net interest income and a 9% increase in non-interest income.

Operating expenses

Underlying operating expenses for the six month period ended 30 June 2010 increased by EUR 297 million, or 39%, to EUR 1,060 million, as compared to EUR 763 million for the six month period ended 30 June 2009. This increase was mainly due to several large additions to the legal provision. Excluding provisions, operating expenses would have shown a marked increase, predominantly as a result of the acquisition of the clearing activities in the US and the start of new Markets activities in the United Kingdom, Germany, and Asia. The number of FTEs declined somewhat due to a transfer of staff to RBS, partly offset by the acquisition of the US clearing activities previously part of the global clearing activities of FBN, but legally owned by BNP Paribas Fortis (formerly Fortis Bank Belgium).

The underlying cost/income ratio increased to 80% for the six month period ended 30 June 2010 as compared to 61% for the six month period ended 30 June 2009 primarily due to the additions to the legal provision related to international activities conducted in the past. Excluding these, the underlying cost/income ratio would have increased modestly.

Loan impairments

Loan impairments for the six month period ended 30 June 2010 decreased by EUR 184 million, or 44%, to EUR 231 million, as compared to EUR 415 million for the six month period ended 30 June 2009. This was primarily the result of lower impairments for the Commercial and the Large Corporates portfolios as corporate defaults decreased both in numbers as well as in size.

Profit/(loss) for the periods

Underlying profit for the six month period ended 30 June 2010 decreased by EUR 75 million, or 97%, to EUR 2 million, as compared to EUR 77 million for the six month period ended 30 June 2009. This decrease primarily resulted from several large additions to the legal provision. Excluding these, net profit would have more than doubled, due to good performances at Business Banking and LC&MB. This was partly offset by Markets, which is rebuilding its activities and international presence following the separation of ABN AMRO Bank Standalone and Fortis Bank Nederland from RBS N.V. and the former Fortis Group respectively.

Other

The following table sets forth the condensed income statement for the “other” segment for the six month period ended 2010 and 2009:

	Six month period ended 30 June			
	2010	2009	2010	2009
	<i>(Reported)</i>		<i>(Underlying)</i>	
	<i>(in millions of euros)</i>			
Net interest income	(87)	(41)	(87)	(41)
Non-interest income	(783)	609	30	247
Operating income	(870)	568	(57)	206
Operating expenses	(868)	(373)	(259)	(291)
Loan impairments	24	(87)	24	(87)
Profit / (loss) before taxation	(1,714)	108	(292)	(172)
Income tax expense	175	(18)	20	53
Profit / (loss) for the period	(1,539)	90	(272)	(119)
Risk weighted assets	25,884			
FTEs	9,564 11,290			

Net Interest Income

Net interest income for the six month period ended 30 June 2010 decreased by EUR 46 million, or 112%, to EUR (87) million, as compared to EUR (41) million for the six month period ended 30 June 2009. This decrease was largely due to divestments, higher funding costs and interest costs of the EUR 2.6 billion of Mandatory Convertible Securities issued to the Dutch State over the first three months of 2010. The EUR 2.6 billion Mandatory Convertible Securities converted into Equity on 1 April 2010. The decrease was partly offset by a higher mismatch result.

Non-interest Income

Underlying non-interest income for the six month period ended 30 June 2010 decreased by EUR 217 million, or 88%, to EUR 30 million, as compared to EUR 247 million for the six month period ended 30 June 2009. This was the result of the abovementioned divestments of the EC Remedy Businesses and Intertrust and the fees paid for the credit protection bought from the Dutch State on a EUR 34.5 billion portfolio of own-originated residential mortgages in the second half of 2009. In addition, the first half of 2009 included a large gain on sale of part of the investment portfolio.

Operating income

Underlying operating income for the six month period ended 30 June 2010 decreased by EUR 263 million, or 128%, to EUR (57) million, as compared to EUR 206 million for the six month period ended 30 June 2009. This was primarily due to changes in net interest and non-interest income as described above.

Operating expenses

Underlying operating expenses for the six month period ended 30 June 2010 decreased by EUR 32 million, or 11%, to EUR 259 million, as compared to EUR 291 million for the six month period ended 30 June 2009. The decrease was primarily the result of divestments, and was partly offset by higher costs for setting up two stand-alone banks, such as for central functions and IT infrastructure. This is also partly reflected in an increase of FTEs, which increased by 311, after adjusting for divestments and including inflow of staff into the redeployment centre.

Loan impairments

Loan impairments for the six month period ended 30 June 2010 decreased by EUR 111 million, to a release of EUR 24 million, as compared to an addition of EUR 87 million for the six month period ended 30 June 2009. This decrease was due primarily to the divestment of the EC Remedy and Intertrust.

Profit/(loss) for the periods ended 30 June 2010 and 2009

Underlying result for the six month period ended 30 June 2010 decreased by EUR 153 million, or 129%, to EUR (272) million, as compared to EUR (119) million for the six month period ended 30 June 2009. This was primarily the result of the factors described above.

Selected Balance Sheet Data as at 30 June 2010 and 31 December 2009

The following table sets out significant balance sheet category movements between 31 December 2009 and 30 June 2010:

	<u>At 30 June 2010</u>	<u>At 31 December 2009</u>
	<i>(in millions of euros)</i>	
Cash and cash equivalents	22,485	4,368
Financial assets held for trading	22,072	20,342
Financial investments	19,521	20,763
Loans and receivables banks	43,890	46,485
Loans and receivables customers	279,259	279,306
Other	17,524	15,252
Total assets	404,751	386,516
Financial liabilities held for trading	27,384	26,951
Due to banks	46,732	43,095
Due to customers	211,679	205,040
Issued debt	79,422	70,837
Subordinated liabilities	9,102	11,747
Other	19,047	19,848
Total liabilities	393,366	377,518
Shareholders' equity	11,160	8,776
Non-controlling interests	225	222
Total equity	11,385	8,998
Total liabilities and equity	404,751	386,516

Total assets

Total assets at 30 June 2010 increased by EUR 18.2 billion, or 5%, to EUR 404.8 billion, as compared to EUR 386.5 billion at 31 December 2009. This increase occurred despite the divestments related to the EC Remedy. Adjusted for the EC Remedy, total assets increased by EUR 29.8 billion.

Cash and cash equivalents

Cash and cash equivalents at 30 June 2010 increased by EUR 18.1 billion, or 415%, to EUR 22.5 billion, as compared to EUR 4.4 billion at 31 December 2009. This increase was due mainly to the liquidity buffer.

Financial assets held for trading

Financial assets held for trading at 30 June 2010 increased by EUR 1.7 billion, or 9%, to EUR 22.1 billion, as compared to EUR 20.3 billion at 31 December 2009. This increase was primarily the result of the Markets activities of C&MB, partly offset by the divestments related to the EC Remedy.

Financial investments

Financial investments at 30 June 2010 decreased by EUR 1.2 billion, or 6%, to EUR 19.5 billion, as compared to EUR 20.8 billion at 31 December 2009. This decrease was primarily due to the sale of government bonds for asset and liability management purposes.

Loans and receivables – banks

Loans and receivables banks at 30 June 2010 decreased by EUR 2.6 billion, or 6%, to EUR 43.9 billion, as compared to EUR 46.5 billion at 31 December 2009. This net decrease was due mainly to a settlement of EUR 16.4 billion with RBS N.V. following the legal separation, an increase of EUR 7.7 billion in C&MB activities, an increase of EUR 2.1 billion in mandatory reserve deposits with central banks and an increase of EUR 4.4 billion in interest bearing deposits.

Loans and receivables

Loans and receivables customers remained largely unchanged. Adjusted for the divestment of the EC Remedy activities, loans and receivables customers grew by EUR 10.5 billion during the six month period ended 30 June 2010, mainly as a result of an increase in the commercial loan portfolio. The majority of Loans and Receivables customers are Dutch residential mortgages, amounting to EUR 161.4 billion at the end of June 2010.

Other

Other at 30 June 2010 increased by EUR 2.2 billion, or 15%, to EUR 17.5 billion, as compared to EUR 15.3 billion at 31 December 2009. This increase was due predominantly to an increase in derivatives used for hedging purposes.

Total liabilities

Total liabilities at 30 June 2010 increased by EUR 15.8 billion, or 4%, to EUR 393.4 billion, as compared to EUR 377.5 billion at 31 December 2009. Adjusted for the EC Remedy, total liabilities increased by EUR 26.6 billion.

Financial liabilities held for trading

Financial Liabilities Held for Trading at 30 June 2010 increased by EUR 0.4 billion, or 2%, to EUR 27.4 billion as compared to EUR 27.0 billion.

Due to banks

Due to banks at 30 June 2010 increased by EUR 3.6 billion, or 8%, to EUR 46.7 billion, as compared to EUR 43.1 billion at 31 December 2009. Excluding the EC Remedy, Due to banks increased by EUR 5.3 billion during the six month period ended 2010 mainly as a result of an increase in total deposits of EUR 10.0 billion, offset by a decrease in repurchase agreements and security lending transactions of EUR 5.4 billion.

Due to customers

Due to customers at 30 June 2010 increased by EUR 6.6 billion, or 3%, to EUR 211.7 billion, as compared to EUR 205 billion at 31 December 2009. Excluding the EC Remedy, Due to customers increased by EUR 14.8 billion mainly due to an increase in total deposits of EUR 6.7 billion and repurchase agreements of EUR 8.0 billion.

Issued debt

Issued debt at 30 June 2010 increased by EUR 8.6 billion, or 12%, to EUR 79.4 billion, as compared to EUR 70.8 billion at 31 December 2009. This increase relates to financing initiatives in short and long-term maturities and prudent liquidity management.

Subordinated liabilities

Subordinated liabilities at 30 June 2010 decreased by EUR 2.6 billion, or 22%, to EUR 9.1 billion, as compared to EUR 11.7 billion at 31 December 2009. This decrease was primarily the result of the conversions of EUR 2.6 billion of MCS issued to the Dutch State into Equity. These conversions were part of the capital actions of the Dutch State announced in November 2009.

Other

Other liabilities at 30 June 2010 decreased by EUR 0.8 billion, or 4.0%, to EUR 19.0 billion, as compared to EUR 19.8 billion at 30 June 2009.

Equity

Equity at 30 June 2010 increased by EUR 2.4 billion, or 27%, to EUR 11.4 billion, as compared to EUR 9 billion at 31 December 2009. This was primarily the result of the conversion of EUR 2.6 billion of MCS into equity, the remaining capital injection by the Dutch State (part of the 2009 capital actions by the Dutch State) and the interim result over the first half of 2010 of EUR 1.0 billion negative.

Results of operations of ABN AMRO Bank Standalone for the years ended 31 December 2009 and 2008

The following table sets out selected pro forma financial information relating to ABN AMRO Bank Standalone prior to the Legal Merger for the years ended 31 December 2009 and 31 December 2008, respectively, showing the results of operations both under IFRS and excluding the consolidation effect of ABN AMRO Bank Standalone's private equity investments which occurred prior to the Legal Merger. The discussion of financial results that follows this table is based on ABN AMRO Bank Standalone's segment results for these periods, excluding the consolidation effect of its private equity investments. As noted above, the comparative discussion above with respect to the six month periods ended 30 June 2010 and 30 June 2009, respectively, reflects ABN AMRO Bank's operational structure as it is intended to exist going forward while the discussion below with respect to the pro forma financial information for the years ended 31 December 2009 and 2008, respectively, reflects ABN AMRO Bank Standalone's operational structure as it existed prior to the Legal Merger.

The pre-Legal Merger structure featured two business units: BU Netherlands and BU Private Clients and the "Other" operating segment. BU Netherlands served a diverse client base comprised of both consumer and commercial clients and offered a broad range of commercial and retail banking products and services. The unit operated through two client-facing divisions, or "Value Centers", VC Commercial Clients and VC Consumer Clients. BU Private Clients operated ABN AMRO Bank Standalone's private client business and the International Diamond & Jewelry Group during this period.

Financial Information for the years ended 31 December 2009 and 2008

The following table sets forth the income statement for ABN AMRO Bank Standalone for the years ended 31 December 2009 and 2008:

	Segment results		Reconciling items ¹		IFRS	
	2009	2008	2009	2008	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)		(unaudited)
	(in millions of euros)					
Net interest income	2,994	3,223	(15)	–	2,979	3,223
Net fee and commissions income	1,198	1,322	–	–	1,198	1,322
Net trading income	110	190	–	–	110	190
Results from financial transactions	299	181	6	–	305	181
Share of results in equity accounted investments	83	31	–	–	83	31
Other operating income	215	242	–	–	215	242
Income from consolidated private equity holdings	–	–	409	–	409	–
Operating income	4,899	5,189	400	–	5,299	5,189
Operating expenses	(3,796)	(3,786)	398	–	(4,194)	(3,786)
Operating results	1,103	1,403	2	–	1,105	1,403
Loan impairment and other credit risk provisions	(1,172)	(776)	–	–	(1,172)	(776)
Operating profit/(loss) before tax	(69)	627	2	–	(67)	627
Income tax (expense)/credit	(48)	(156)	2	–	(50)	(156)
Net operating profit/(loss)	(117)	471	–	–	(117)	471
Discontinued operations (net)	–	3,065	–	–	–	3,065
Profit/(loss) for the year	(117)	3,536	–	–	(117)	3,536
Total assets	201,825	183,539	259	–	202,084	183,539
Risk-weighted assets	74,973	91,718	–	–	74,973	91,718
Full-time equivalent staff	22,309	23,040	2,244	–	24,553	23,040
Number of branches and offices ²	655	681	–	–	655	681
Efficiency ratio	77.5%	73.0%	–	–	79.1%	73.0%

1 This is the impact per line item of the private equity investments which are required to be consolidated under IFRS. See “Accounting Policies” in the 2009 ABN AMRO Bank Standalone Annual Review.

2 This number includes double counting of branches and offices that serve more than one BU. Adjusted for this double counting, the actual number of branches and offices amounts to 655 (2008: 675).

The following discussion addresses the results of operation and financial position of ABN AMRO Bank Standalone excluding the impact of the private equity investments which are required to be consolidated under IFRS.

Net interest income

Net interest income for the year ended 31 December 2009 decreased by EUR 229 million, or 7%, to EUR 2,994 million, as compared to EUR 3,223 million for the year ended 31 December 2008. This decrease was primarily due to interest margin pressure, which resulted in a decrease of EUR 241 million in the net interest income for BU Netherlands and a decrease of EUR 61 million in the net interest income of BU Private Clients. This decrease was partly offset by an introduction of a facility fee or

liquidity premium (classified as interest income) to ID&JG customers at the end of the third quarter 2008 and the normalization of savings and deposit interest rates in 2009.

The decrease in net interest income for the year ended 31 December 2009 was also partially offset by an increase of EUR 73 million in the net interest income for Other, which was primarily due to higher results from Asset and Liability Management portfolios. In the course of 2008, the majority of the Asset and Liability Management portfolios has been allocated to the Dutch State Acquired Businesses contributing in part to 2008 results but fully in 2009.

Net fee and commission income

The following table sets out the net fee and commission income for ABN AMRO Bank Standalone for the years ended 31 December 2009 and 2008:

	<u>2009</u>	<u>2008</u>
		<i>(unaudited)</i>
	<i>(in millions of euros)</i>	
<i>Fee and commission income</i>		
Securities brokerage fees	365	397
Payment and transaction services fees	414	427
Asset management and trust fees	254	293
Insurance related fees	107	110
Other fees and commissions	159	156
Subtotal	<u>1,299</u>	<u>1,383</u>
<i>Fee and commission expense</i>		
Securities brokerage expense	19	19
Other fee and commission expense	82	42
Subtotal	<u>101</u>	<u>61</u>
Total	<u><u>1,198</u></u>	<u><u>1,322</u></u>

Net fees and commission income for the year ended 31 December 2009 decreased by EUR 124 million, or 9%, to EUR 1,198 million, as compared to EUR 1,322 million for the year ended 31 December 2008. This decrease was primarily due to a decrease of EUR 39 million in the net fees and commission income of BU Netherlands and a decrease of EUR 84 million in the net fees and commission income of BU Private Clients. The decrease in net fees and commission income of BU Netherlands reflects fees paid on purchased credit protection for a EUR 34.5 billion portfolio of own-originated residential mortgages to strengthen the capital position of the Dutch State Acquired Businesses. Net fees and commission income decreased in BU Private Clients primarily as a result of lower average levels of assets under management, reflecting the deterioration in the economic climate. Although the levels of assets under management increased by EUR 22 billion to EUR 124 billion for the year ended 31 December 2009, as compared to EUR 102 billion for the year ended 31 December 2008, the average levels of assets under management were lower in 2009 compared to 2008.

Net trading income

The following table sets out the net trading income for ABN AMRO Bank Standalone for the years ended 31 December 2009 and 2008:

	<u>2009</u>	<u>2008</u>
		<i>(unaudited)</i>
		<i>(in millions of euros)</i>
Interest instruments trading	10	45
Foreign exchange trading	140	114
Other	(40)	31
Total	<u>110</u>	<u>190</u>

Net trading income for the year ended 31 December 2009 decreased by EUR 80 million, or 42% to EUR 110 million as compared to EUR 190 million for the year ended 31 December 2008. This decrease was primarily due to a EUR 51 million decrease in the net trading income of BU Netherlands, a decrease of EUR 9 million in the net trading income of BU Private Clients and a decrease of EUR 20 million in the net trading income of Other. The decrease in the net trading income of BU Netherlands included a EUR 59 million credit valuation adjustment for a portfolio of interest rate derivatives.

Results from financial transactions

The following table sets out the results from financial transactions for ABN AMRO Bank Standalone for the years ended 31 December 2009 and 2008:

	<u>2009</u>	<u>2008</u>
		<i>(unaudited)</i>
		<i>(in millions of euros)</i>
Net result on the sale of available-for-sale debt securities	100	96
Net result on risk mitigants	74	215
Net result on the sale of loans and advances	(15)	–
Impairment of available-for-sale debt securities	(7)	(24)
Net result from the sale of available-for-sale equity investments	2	8
Net result on fair value changes in own credit risk and repurchase of own debt	59	8
Dividends on available-for-sale equity investments	4	3
Net result on other equity investments	45	1
Other	43	(126)
Total	<u>305</u>	<u>181</u>

The results from financial transactions for the year ended 31 December 2009 increased by EUR 124 million, or 69%, to EUR 305 million, as compared to EUR 181 million for the year ended 31 December 2008. This increase was primarily due to an increase of EUR 11 million in the results for financial transactions of BU Private Clients and an increase of EUR 164 million in the results for financial transactions of Other, which realized gains on the disposal of available for sale securities from certain Asset and Liability Management portfolios. However, the increase in results from financial transactions was partially offset by a decrease in the results of financial transactions of EUR 57 million in BU Netherlands. In addition, the 2008 results from financial transactions in BU Netherlands reflect the unwinding of certain capital management-related guarantee transactions that did not occur in 2009.

Other operating income

The following table sets out the other operating income for the ABN AMRO Bank Standalone for the years ended 31 December 2009 and 2008:

	2009	2008
		<i>(unaudited)</i>
		<i>(in millions of euros)</i>
Insurance activities	18	45
Leasing activities.. .. .	77	71
Disposal of operating activities and equity accounted investments	10	12
Other	110	114
Total	215	242

Other operating income for the year ended 31 December 2009 decreased by EUR 27 million, or 11%, to EUR 215 million, as compared to EUR 242 million for the year ended 31 December 2008. This decrease was primarily due to a decrease of EUR 17 million in other operating income for BU Private Clients and a decrease of EUR 10 million in other operating income for Other.

Operating income

For the year ended 31 December 2009, operating income decreased by EUR 290 million, or 6%, to EUR 4,899 million (excluding EUR 400 million in net operating income generated by the Private Equity Investments), compared to EUR 5,189 million for the year ended 31 December 2008. This decrease was primarily the result of a decrease in operating income of BU Netherlands of EUR 336 million and a decrease in the operating income of BU Private Clients of EUR 160 million, which was partially offset by an increase in the operating income of Other of EUR 206 million.

The decreased operating income of BU Netherlands was largely due to decreased net interest income of EUR 241 million, or 8%, primarily resulting from interest margin pressure. The decreased operating income of BU Private Clients was largely due to decreased net interest income of EUR 61 million, or 14%, and non-interest income decreased by EUR 99 million, or 13%, as a result of interest margin pressure and lower net fee and commission income, respectively. The increase in operating income of Other was mainly due to realized gains from the buyback of own issued debt securities, and disposal of financial investments from Asset and Liability Management portfolios.

Operating expenses

Operating expenses for the year ended 31 December 2009 increased by EUR 10 million, or 0.3%, to EUR 3,796 million (excluding EUR 398 million in operating expenses incurred by the Private Equity Investments), as compared to EUR 3,786 million for the year ended 31 December 2008. This increase was primarily due to an increase of EUR 1 million in the operating expenses of BU Netherlands and an increase of EUR 11 million in the operating expenses of Other. The increase in operating expenses was partially offset by a decrease of EUR 2 million in the operating expenses of BU Private Clients. Operating expenses for the year ended 31 December 2009 included a EUR 83 million deposit guarantee charges relating to other failed banks in The Netherlands (including a charge of EUR 100 million related to the bankruptcy of DSB Bank, which was partly offset by a release of EUR 17 million for the bankruptcy of Icesave in the previous year) and EUR 227 million in integration and separation costs, as compared to the year ended 31 December 2008, which included a EUR 53 million deposit guarantee charge relating to Icesave and EUR 209 million in costs related to separation readiness. Excluding the DSB Bank deposit guarantee charge and the integration and separation costs, operating expenses decreased by EUR 68 million. The integration and separation costs also include costs related to the Legal Separation, preparation of the Legal Merger with FBN and preparation for the sale resulting from the EC Remedy.

Loan impairments and other credit risk provisions

Loan impairments and other credit risk provisions for the year ended 31 December 2009 increased by EUR 396 million, or 51%, to EUR 1,172 million, as compared to EUR 776 million for the year ended 31 December 2008. This increase was primarily due to an increase of EUR 212 million in loan impairments and other credit risk provisions of BU Netherlands and an increase of EUR 188 million in loan impairments and other credit risk provisions of BU Private Clients. The increase in the loan impairments and other credit provisions for BU Netherlands was the result of specific provisions made against the commercial loan portfolio and an increase in the level of incurred, but not identified, provisions based on an assessment of the economic climate and the expected loan impairments resulting therefrom. The increase in the loan impairments and other credit risk provisions of BU Private Clients was primarily due to specific provisions against individual clients.

Profit/(loss) for the years ended 31 December 2009 and 2008

In the discussion below, results of operations are analyzed excluding consolidation effect, which is a non-GAAP measure.

Net operating profit from continuing operations for the year ended 31 December 2009 decreased by EUR 588 million, or 125%, to a loss of EUR 117 million, compared to EUR 471 million for the year ended 31 December 2008. This decrease was primarily the result of a decrease in net operating profit in BU Netherlands of EUR 403 million, which resulted in a loss of EUR 40 million for BU Netherlands for the year ended 31 December 2009, and due to a decrease in net operating profit in BU Private Clients of EUR 267 million, which resulted in a loss of EUR 76 million for BU Private Clients for the year ended 31 December 2009. The decrease in net operating profit from continuing operations was partially offset by an increase in the net results of operations for Other, which increased by EUR 82 million, resulting in a loss of EUR 1 million for Other.

Selected Pro Forma Consolidated Balance Sheet Data for the years ended 31 December 2009 and 2008

The following table sets out significant balance sheet category of movements between 31 December 2008 and 31 December 2009:

	<u>2009</u>	<u>2008</u>
	<i>(unaudited)</i>	
	<i>(in millions of euros)</i>	
Assets		
Financial assets held for trading	4,228	978
Financial investments	20,153	14,667
Loans and receivables – banks	17,380	7,456
Loans and receivables – customers	149,223	150,403
Total assets	<u>202,084</u>	<u>183,539</u>
Liabilities		
Financial liabilities held for trading	2,944	337
Due to banks	4,577	730
Due to customers	143,782	121,962
Issued debt securities	23,451	31,174
Subordinated liabilities	7,040	5,927
Total liabilities	<u>197,806</u>	<u>176,495</u>
Equity		
Equity attributable to shareholders of the parent company	4,270	7,039
Equity attributable to minority interests.. .. .	8	5
Total equity	<u>4,278</u>	<u>7,044</u>
Guarantees and other commitments	4,546	4,000
Committed credit facilities	5,657	5,675

ABN AMRO Bank Standalone's total assets were EUR 202.1 billion at 31 December 2009, an increase of EUR 18.6 billion, or 10%, as compared with EUR 183.5 billion at 31 December 2008. This increase was primarily related to the purchase of high-quality debt securities and the increase in net receivables from the Dutch State Acquired Businesses and Shared Assets of ABN AMRO. At 31 December 2009, total liabilities increased EUR 21.3 billion, or 12%, to EUR 197.8 billion, as compared to EUR 176.5 billion at 31 December 2008. This increase was primarily due to the increase in savings and current account balances for both consumer and commercial customers.

Financial assets and liabilities held for trading

Financial assets held for trading at 31 December 2009 increased by EUR 3.2 billion, or 332%, to EUR 4.2 billion, as compared to EUR 1.0 billion at 31 December 2008. This increase was primarily due to the establishment of ABN AMRO Standalone's corporate and investment banking services unit to large companies and financial institutions in The Netherlands. The establishment of this unit also led to an increase of EUR 2.6 billion, or 867%, in financial liabilities held for trading to EUR 2.9 billion at 31 December 2009, as compared to EUR 0.3 billion at 31 December 2008.

Financial investments

Financial investments increased by EUR 5.5 billion, or 37%, to EUR 20.2 billion at 31 December 2009, as compared to EUR 14.7 billion at 31 December 2008. This increase was due to the purchase of high quality debt securities for asset and liability management purposes, as part of the separation readiness.

Loans and receivables – banks and Due to banks

Total loans and receivables – banks increased by EUR 9.9 billion, or 133%, to EUR 17.4 billion at 31 December 2009, as compared to EUR 7.5 billion at 31 December 2008. This increase was primarily due to the EUR 10.0 billion increase of the net receivable from the RBS acquired businesses and Shared Assets of ABN AMRO.

At 31 December 2009 loans and receivables-due to banks increased by EUR 3.8 billion, or 543%, to EUR 4.6 billion as compared to EUR 0.7 billion at 31 December 2008. This increase was primarily due to a EUR 2.7 billion financing facility with DNB.

Loans and receivables – customers and Due to customers

Loans and Receivables – customers decreased by EUR 1.2 billion at 31 December 2009, or nearly 1%, to EUR 149.2 billion, as compared to EUR 150.4 billion at 31 December 2008. This decrease was primarily due to a EUR 0.8 billion increase in loan impairment allowances.

Loans and receivables – due to customers at 31 December 2009 increased by EUR 21.8 billion, or 18%, to EUR 143.8 billion, as compared to EUR 122.0 billion at 31 December 2008. This increase was primarily due to increases in savings and current account balances for both the consumer and commercial customers, most of which occurred since the end of the first quarter of 2009 as market conditions improved.

Issued debt securities

At 31 December 2009, ABN AMRO Bank Standalone had issued debt securities in the amount of EUR 23.5 billion, which represented a decrease of EUR 7.7 billion, or 25%, compared to EUR 31.2 billion at 31 December 2008. This decrease was the result of debt redemptions and the repurchase of previously issued debt.

Subordinated liabilities

Subordinated liabilities at 31 December 2009 increased by EUR 1.1 billion, or 19%, to EUR 7.0 billion, as compared to EUR 5.9 billion at 31 December 2008. This was primarily due to the issuance of Mandatory Convertible Securities amounting to EUR 2.6 billion which offset the transfer of capital to ABN AMRO Holding N.V. described below. This increase in subordinated liabilities was partly offset by the redemption of a EUR 1.1 billion subordinated note falling due.

Equity

At 31 December 2009, equity was reduced by EUR 2.7 billion, or 39%, to EUR 4.3 billion, as compared to EUR 7.0 billion at 31 December 2008. This reduction was primarily due to a EUR 2.6 billion transfer of capital to ABN AMRO Holding N.V. This transaction was effected to settle the Dutch State's share of the Shareholders' deficit in the Shared Assets.

Guarantees and other commitments

Guarantees and other commitments increased by EUR 0.5 billion, or 13% at 31 December 2009 to EUR 4.5 billion, as compared to EUR 4.0 billion at 31 December 2008. At 31 December 2009, ABN AMRO Bank Standalone had EUR 5.7 billion of committed credit facilities, equal to the same amount of committed credit facilities at 31 December 2008.

Results of operations of FBN for the years ended 31 December 2009 and 2008

The following table sets out selected financial information relating to FBN prior to the Legal Merger for the years ended 31 December 2009 and 31 December 2008, respectively, showing the results of operations both under IFRS and excluding certain exceptional items. The discussion of financial results that follows this table is based on FBN's segment results for these periods. As noted above, the comparative discussion above with respect to the six month periods ended 30 June 2010 and 30 June 2009, respectively, reflects ABN AMRO Bank's operational structure as it is intended to exist going forward while the discussion below with respect to FBN's financial information for the years ended 31 December 2009 and 2008, respectively, reflects FBN's operational structure as it existed prior to the Legal Merger.

Financial Information for the years ended 31 December 2009 and 2008

The following table sets forth the income statement for FBN for the years ended 31 December 2009 and 2008:

	2009	2009	2009	2008	2008	2008
		<i>Exceptional items¹</i>	<i>Excluding Exceptional items¹</i>		<i>Exceptional items¹</i>	<i>Excluding Exceptional items¹</i>
	<i>(in millions of euros)</i>					
Income						
Net interest income	1,150	–	1,150	1,002	(582)	1,584
Net fee and commission income	724	–	724	823	–	823
Dividend and other investment income	14	–	14	27	–	27
Share in result of associates and joint ventures	(2)	–	(2)	(896)	(905)	9
Realized capital gains (losses) on investments	90	–	90	(16,807)	(16,822)	15
Other realized and unrealized gains and losses	103	–	103	431	–	431
Other income	455	363	92	207	–	207
Total operating income.. ..	2,534	363	2,171	(15,213)	(18,309)	3,096
Change in impairments.. ..	(396)	16	(412)	(1,303)	(972)	(331)
Net operating income	2,138	379	1,759	(16,516)	(19,281)	2,765
Total expenses.. .. .	(1,827)	–	(1,827)	(2,010)	–	(2,010)
Profit before taxation	311	379	(68)	(18,526)	(19,281)	755
Income tax expense	96	–	96	56	191	(135)
Net profit for the period ..	407	379	28	(18,470)	(19,090)	620

Note:

(1) For further information with respect to such exceptional items, see Note 33 of 2009 FBN Annual Report.

Net interest income

Net interest income for the year ended 31 December 2009 excluding exceptional items decreased by EUR 434 million, or 27%, to EUR 1,150 million, as compared to EUR 1,584 million for the year ended 31 December 2008.

Net Interest income excluding exceptional items decreased, due mainly to the separation from Fortis Bank SA/NV in October 2008. Prior to separation, Fortis Bank (Nederland) N.V. was funded by Fortis Bank SA/NV on a gross basis. This funding was replaced by net funding from DSTA leading to sharp decreases in interest income and expenses from and to banks and an increase in expenses.

In addition, FBN incurred interest expense of EUR 582 million related to the financing costs of RFS Holdings B.V., recorded as an exceptional item in the year ended 31 December 2008.

Net fee and commission income

The following table sets out the net fee and commission income for FBN for the years ended 31 December 2009 and 2008:

	<u>2009</u>	<u>2008</u>
	<i>(in millions of euros)</i>	
Fee and commission income		
Securities and custodian services	500	393
Reinsurance commissions and insurance and investment fees	16	16
Asset management	230	297
Payment services.. .. .	252	268
Guarantees and commitment fees	74	80
Other service fees	25	54
Total fee and commission income	<u>1,097</u>	<u>1,108</u>
Fee and commission expense		
Securities and custodian services	249	174
Reinsurance commissions and insurance and investment fees	20	19
Asset management	5	6
Payment services.. .. .	60	56
Guarantees and commitment fees	20	16
Other service fees	19	14
Total fee and commission expense	<u>373</u>	<u>285</u>
Net Fee and commission income	<u>724</u>	<u>823</u>

Net fee and commission income for the year ended 31 December 2009 decreased by EUR 99 million, or 12%, to EUR 724 million, as compared to EUR 823 million for the year ended 31 December 2008. This decrease was largely due to decreased asset management income, difficult market conditions which heavily impacted fees in Retail and Private Banking and increased expenses related to FBN's securities and custodian services, though the latter was largely offset by increased income from the same.

Share in result of associates and joint ventures

The following table sets out the share in result of associates and joint ventures for FBN for the years ended 31 December 2009 and 2008:

	<u>2009</u>	<u>2008</u>
	<i>(in millions of euros)</i>	
Share in result of associates and joint ventures	(2)	9
Share in result of associates and joint ventures	<u>(2)</u>	<u>9</u>
Exceptional items	-	(905)

Share in result of associates and joint ventures was flat between 2009 and 2008 excluding exceptional items. FBN recorded a loss of EUR 905 million as an exceptional item in the year ended 31 December 2008 as a result of its participation in RFS Holdings B.V.

Realized capital gains and losses on investments

The following table sets out the realized capital gains and losses on investments for FBN for the years ended 31 December 2009 and 2008:

	2009	2008
	<i>(in millions of euros)</i>	
Debt securities	2	–
Equity securities	5	39
Real estate	(3)	2
Subsidiaries, associates and joint ventures	88	(23)
Other	(2)	(3)
Realized capital gains (losses) on investments	90	15
Exceptional items	–	(16,822)

Excluding exceptional items, realized capital gains on investments for the year ended 31 December 2009 increased by EUR 75 million to EUR 90 million, as compared to a gain of EUR 15 million for the year ended 31 December 2008. This increase was due to a gain of EUR 81 million related to the sale of Fortis Intertrust Group during the year ended 31 December 2009.

In addition, FBN recorded an exceptional loss of EUR 16,822 million as a result of the sale of RFS Holdings B.V. to the Dutch State which occurred in the year ended 31 December 2008.

Other realized and unrealized gains and losses

The following table sets out the other realized and unrealized gains and losses for FBN for the years ended 31 December 2009 and 2008:

	2009	2008
	<i>(in millions of euros)</i>	
Assets/liabilities held for trading.. .. .	175	332
Assets and liabilities held at fair value through profit or loss	(20)	(15)
Hedging results:		
Net result on Fair value hedging instruments	(379)	(2,343)
Net result on Fair value hedged items (attributable to the hedged risk)	313	2,466
Net Investment hedging	1	
Total Hedging results	(65)	123
Other	13	(9)
Other realized and unrealized gains and losses	103	431

Other realized and unrealized gains and losses for the year ended 31 December 2009 decreased by EUR 328 million, or 76%, to EUR 103 million, as compared to EUR 431 million for the year ended 31 December 2008.

This decrease was largely the result of a decrease of EUR 2,153 million in net result on fair value hedged items (attributable to the hedged risk) which was largely offset by a decrease of EUR 1,964 million in net unrealized loss on fair value hedging instruments.

Other income

The following table sets out other income for FBN for the years ended 31 December 2009 and 2008:

	<u>2009</u>	<u>2008</u>
	<i>(in millions of euros)</i>	
Other income		
Operating lease income	8	5
Income from Fortis Group companies	24	144
Other	60	58
Total other income	<u>92</u>	<u>207</u>
Exceptional items	363	-

Other income for the year ended 31 December 2009 decreased by EUR 115 million, or 56%, to EUR 92 million, as compared to EUR 207 million for the year ended 31 December 2008 excluding exceptional items largely as a result of lower income for Fortis Group companies. In addition the cash settlement of 362,511 class A1 shares paid by Fortis Holdings to Fortis Capital Company Ltd., in relation to the redemption by preference share holders of those shares for cash resulted in income of EUR 363 million, recorded as an exceptional item in the year ended 31 December 2009.

Change in impairments

The following table sets out changes in impairments for FBN for the years ended 31 December 2009 and 2008:

	<u>2009</u>	<u>2008</u>
	<i>(in millions of euros)</i>	
Change in impairments on:		
Cash and cash equivalents	3	-
Due from banks	29	30
Due from customers	398	230
Credit commitments – customers	(1)	10
Investments in equity securities and other	-	1
Investments in associates and joint ventures.. .. .	(22)	22
Other receivables	1	1
Property, plant and equipment	1	1
Goodwill and other intangible assets	2	35
Accrued interest and other assets	1	1
Total change in impairments..	<u>412</u>	<u>331</u>
Exceptional items	(16)	972

Change in impairments for the year ended 31 December 2009 increased by EUR 81 million, or 24%, to EUR 412 million, as compared to EUR 331 million for the year ended 31 December 2008 excluding exceptional items, arising largely from higher impairments across all business lines. In the year ended 31 December 2008, FBN recorded an increase in impairments of EUR 972 million relating to the Madoff fraud as an exceptional item.

Total operating income

Operating income excluding exceptional items for the year ended 31 December 2009 decreased by EUR 1,006 million, or 36%, to EUR 1,759 million, as compared to EUR 2,765 million for the year ended 31 December 2008. Retail Banking and Merchant Banking made positive contributions to net profit,

while Private Banking incurred a small net loss. All businesses suffered in 2009 from lower net income and higher impairments compared with 2008.

Total expenses

Total expenses excluding exceptional items for the year ended 31 December 2009 decreased by EUR 183 million, or 9%, to EUR 1,827 million, as compared to EUR 2,010 million for the year ended 31 December 2008. This decrease was largely the result of lower staff costs in Retail and Private Banking, which was partially by a slight increase in expenses in relation to Merchant Banking and increased impairments in each of Retail, Private Banking and Merchant Banking.

Net Profit for the period

Net profit for the period excluding exceptional items for the year ended 31 December 2009 decreased by EUR 592 million, or 95%, to EUR 28 million, as compared to EUR 620 million for the year ended 31 December 2008. This decrease was largely the result of a 60% decrease in Retail due largely to non-recurring income in the year ended 31 December 2008; a 129% decrease in Private Banking; and 90% decrease in Merchant Banking.

Consolidated Balance Sheet Data for the years ended 31 December 2009 and 2008

The following table sets out significant balance sheet category of movements between 31 December 2008 and 31 December 2009:

(Before appropriation of profit)

	2009	2008
	<i>(in millions of euros)</i>	
Assets		
Cash and cash equivalents	10,002	9,859
Assets held for trading	16,231	13,948
Due from banks	26,657	24,272
Due from customers	125,328	124,692
Total investments	3,811	4,201
Other assets	7,756	7,231
Total assets	189,785	184,203
Liabilities		
Liabilities held for trading	24,164	23,716
Due to banks	37,143	21,309
Due to customers	61,399	91,798
Debt certificates	47,567	28,251
Subordinated liabilities	4,708	6,561
Other liabilities	10,082	9,549
Total liabilities	185,063	181,184
Shareholders' equity	4,716	2,944
Minority interests	6	75
Total equity	4,722	3,019
Total liabilities and equity	189,785	184,203

FBN's total assets were EUR 189.8 billion at 31 December 2009, an increase of EUR 5.6 billion, or 3%, as compared with EUR 184.2 billion at 31 December 2008. At 31 December 2009, total liabilities increased EUR 3.9 billion, or 2%, to EUR 185.1 billion, as compared to EUR 181.2 billion at 31 December 2008.

Assets and liabilities held for trading

Assets held for trading at 31 December 2009 increased by EUR 2.3 billion, or 16%, to EUR 16.2 billion, as compared to EUR 13.9 billion at 31 December 2008. This increase was primarily due to significant increases of equity securities, representing a 58% increase from the year ended 31 December 2008 and corporate debt securities held for trading, representing a 191% increase.

Liabilities held for trading at 31 December 2009 increased by EUR 448 million, or 2%, to EUR 24.2 billion, as compared to EUR 23.7 billion at 31 December 2008. This increase was largely the result of a 18% increase in short security sales.

Due from banks and due to banks

Due from banks increased EUR 2.4 billion, or 10%, to EUR 26.7 billion at 31 December 2009, as compared to EUR 24.3 billion at 31 December 2008. This increase was largely due to a 22% increase in securities borrowing transactions.

Due to banks increased by EUR 15.8 billion, or 74%, to EUR 37.1 billion at 31 December 2009, as compared to EUR 21.3 billion at 31 December 2008. This increase was largely due to an increase of EUR 10.1 billion in repurchase agreements, from zero the previous year.

Due from customers and due to customers

Due from customers experienced a nominal increase of EUR 0.6 billion to EUR 125.3 billion at 31 December 2009, as compared to EUR 124.7 billion at 31 December 2008.

Due to customers decreased by EUR 30.4 billion, or 33%, to EUR 61.4 billion at 31 December 2009, as compared to EUR 91.8 billion at 31 December 2008. This decrease was primarily due to a 63.5% decrease in time deposits.

Debt certificates

Debt certificates increased EUR 19.3 billion, or 68%, to EUR 47.6 billion at 31 December 2009, as compared to EUR 28.3 billion at 31 December 2008. This increase was largely due to a total of EUR 23.3 billion of Euro Commercial Paper, State Guaranteed Notes, French Certificates de Dépôt which had not previously been issued.

Total equity

Total equity increased EUR 1.7 billion, or 56%, to EUR 4.7 billion at 31 December 2009, as compared to EUR 3.0 billion at 31 December 2008. This increase resulted from a 60% increase in shareholders' equity which in turn primarily resulted from a significant increase in net profit attributable to shareholders, offset by significant decreases in reserves.

Other references

Liquidity and Funding

For information with respect to liquidity and funding of ABN AMRO Bank Standalone during this period, see "Liquidity Risk" in Note 38 in section 9 "Pro Forma Financial Information" of the 2009 ABN AMRO Bank Standalone Annual Review. For information with respect to liquidity and funding of FBN during this period, see "Liquidity and funding" in Note 5 and "Subordinated liabilities" in Note 26 in the 2009 FBN Annual Report. A consolidated analysis of the risk concentration of ABN AMRO Bank Standalone, FBN or ABN AMRO Group as at 30 June 2010 have not been prepared as this is only done on an annual basis. See also "*Risk and Capital Management—Liquidity and funding*".

Risk Management and Capital Adequacy

For information with respect to risk management and capital adequacy, see "*Risk and Capital Management*".

Critical Accounting Policies

For critical accounting policies and changes contained in accounting rules, see “Summary of Significant Accounting policies” in section 9 “Pro Forma Financial Information” of the 2009 ABN AMRO Bank Standalone Annual Review, “Accounting policies” in the 2009 FBN Annual Report and “Summary of significant accounting policies” in the ABN AMRO Group Interim Financial Report 2010.

Related Party Transactions

For information with respect to transactions with related parties, including the Dutch State, see “Related parties” in Note 45 in section 9 “Pro Forma Financial Information” of the 2009 ABN AMRO Bank Annual Review, “Related Parties” in Note 12 of the 2009 FBN Annual Report and Note 28 of the Group Interim Financial Information.

RISK AND CAPITAL MANAGEMENT

This risk and capital management section sets out the regulatory environment faced by ABN AMRO Bank, explains how ABN AMRO Bank manages risk.

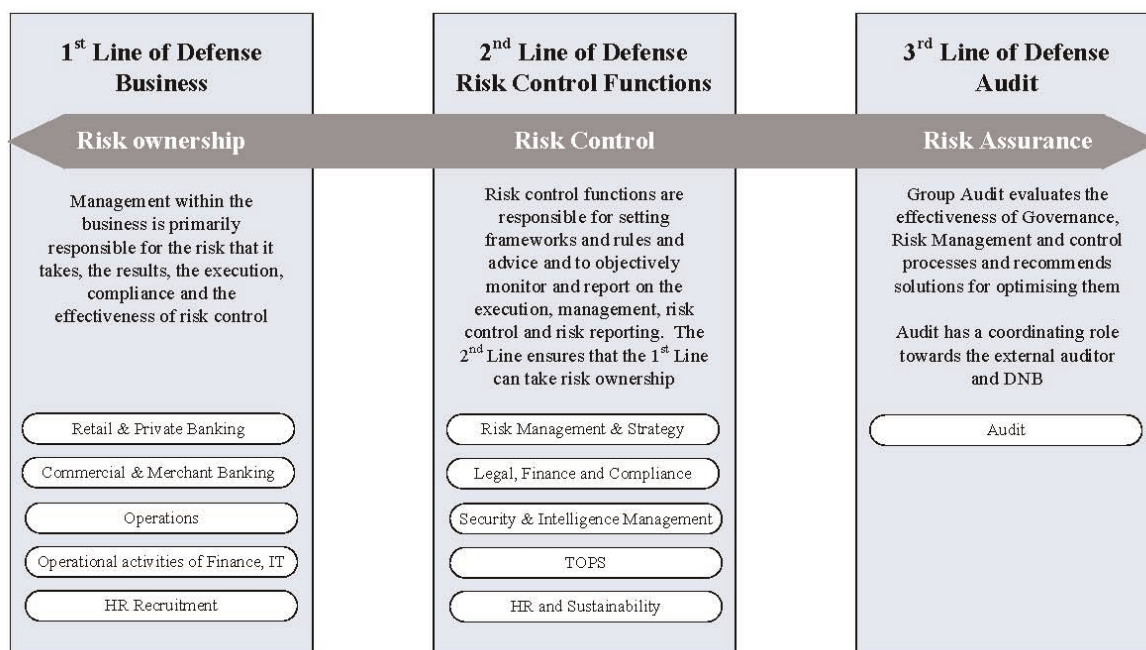
Risk governance

Risk governance is supported by a comprehensive risk committee structure to ensure risk decisions are taken at the appropriate level. The Risk Committee structure is characterized by a clear hierarchy with three executive risk committees supporting the Managing Board. To help it fulfill its risk mission, the Supervisory Board is supported by the Risk & Capital Committee and the Audit Committee.

ABN AMRO Bank's risk philosophy

ABN AMRO Bank adheres to the “three lines of defense” risk philosophy, guiding principles and governance. The goal is to make sure that everyone in the bank correctly weighs risks when taking decisions.

The illustration below shows how the “three lines of defense” model is designed to ensure a moderate risk profile.



Under the “three lines of defense” model, ABN AMRO Bank takes concrete measures to make sure that the employees:

- are aware of the risks related to his/her activities;
- are equipped with the information and knowledge to weigh these risks when taking action and to come up with the right risk-return assessment;
- are motivated to make the right risk-return assessment, even though this might harm his/her sales target.

Risk profile

- ABN AMRO Bank will maintain a moderate risk profile and will pursue an integrated risk management approach, whereby the Managing Board, risk managers, senior management and the business will have a deep understanding of underlying risks and act accordingly.

- The development of new business propositions and products is paired with the development of risk management capabilities.
- ABN AMRO Bank will at all times offer financial stability, with a strong and continuous focus on monitoring its liquidity and capital positions; ABN AMRO Bank will comply with Basel II capital ratios and DNB's stress tests.
- ABN AMRO Bank's risk appetite is closely aligned with the overall strategy of ABN AMRO Bank and provides a common understating of what risks need to be managed. ABN AMRO Bank's risk appetite is cascaded down in the organization by the creation of business-specific risk appetites.

Risk management

A description as to how ABN AMRO Bank manages its principal risks, which are more fully described in "*Risk Factors*", are provided below.

Credit and country risk

Credit and country risk is the risk of a loss because a counterparty or an issuer may fail to fulfill its obligations to ABN AMRO Bank. This covers actual payment defaults as well as losses in value resulting from a decrease in the credit quality of the counterparty or issuer. ABN AMRO Bank is subject to credit risk through its lending, trading, hedging and investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or where it issues guarantees.

ABN AMRO Bank's senior management is responsible for establishing the credit policies and the mechanisms, organization and procedures required to analyze, manage and control credit risk. In this respect, counterparty limits are set and an internal system of credit ratings is applied.

The so-called retail portfolios (consumer lending, residential mortgages and small business loans) are managed on a portfolio basis. Based on credit risk models, an application score is calculated. When necessary, manual decision-making takes place. Clients' accounts are monitored in order to evaluate the clients' performance. If a client's performance deteriorates, an extensive early collection process is started up. If this process is unsuccessful, the client is transferred to the financial restructuring and recovery department.

A case-by-case decision-making process is in place for ABN AMRO Bank's other clients, including clients of Commercial Banking, Corporate Clients, Large Corporates & Merchant Banking (including Energy, Commodity & Transportation) and Private Banking. Based on its experience, ABN AMRO Bank has developed a credit risk model which is used to create a so-called credit rating. Based on this and other information, a decision is taken and the risk score is set. Afterwards a mandatory yearly review is carried out. In addition, accounts are monitored on a daily basis. If there are indications that the performance might be at risk (e.g. an overdraft), measures are taken to address these issues. The risk that counterparties might default on their obligations and collateral value is monitored on an ongoing basis. On (sub) portfolio level, developments and concentrations are actively monitored and action is taken where appropriate.

Based on expert panel discussions and back testing of the various models and methodologies used, updates are carried out on a regular basis, as are portfolio analysis.

Market risk

Market risk is the risk that movements in financial market prices will decrease the value of ABN AMRO Bank's trading portfolios. ABN AMRO Bank is exposed to limited market risk through client-facilitating activities carried out by the Markets business.

For internal purposes, market risk is managed daily on a portfolio basis. The key indicators used are VaR limits and stress tests. In addition, other indicators are used that are characteristic for the specific portfolio or risk factor. Counterparty risk is managed within the overall credit risk limits and measures for each specific counterparty.

The Managing Board sets limits on the maximum level of market risk at an aggregate level for ABN AMRO Bank in the risk appetite. For each trading desk and for the combined trading activities the

mandates and sets of limits are approved in dedicated risk committees. Whenever trades need to be executed outside the mandate or the limits, or outside the approved limits for a counterparty, approval can be requested from authorized risk managers. The limits and any temporary approvals are monitored rigorously in the risk committees.

In addition to the use of internal models, market risk is also monitored on Basel II standardized measures. These measures revolve around notional exposures in different time buckets and regulatory stress test scenarios. These standardized measures are used for regulatory capital calculations.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes and/or systems, due to human behavior or from external events. Among other things, this includes the risk of (financial or reputational) damage as a result of IT system outages, fraud, human error, shortcomings in products or processes, and external threats such as natural disasters and willful damage (vandalism or terrorism, for example). The guiding principle in operational risk management is that management at all levels in the organization is responsible for directing and managing operational risks. Operational risk managers are assigned throughout ABN AMRO Bank to assist line management in fulfilling this responsibility.

Funding liquidity risk

Funding liquidity risk is the risk arising from the bank's potential inability to meet both expected and unexpected current and future flows and collateral needs without affecting either daily operations or the financial condition of the firm. Conversely, liquidity risk also manifests itself in the form of opportunity losses due to holding excess liquidity relative to liabilities. A detailed description of how ABN AMRO Bank manages funding liquidity risk is provided in "*Risk and Capital Management—Liquidity and funding*" below.

Interest rate risk

Interest rate risk is the risk that ABN AMRO Bank's interest income changes due to a movement in interest rates, and that the change in value of ABN AMRO Bank's financial assets in the banking book representing financial assets other than those categorized as trading assets does not match the change in value of ABN AMRO Bank's liabilities due to a change in interest rates.

Other risks

In addition to main risk types described above, ABN AMRO Bank is exposed to various other risks, including reputation risk, business risk, concentration risk and legal risk, as more fully described in "*Risk Factors*", which are managed as an integral part of the bank's day-to-day operations.

Liquidity and funding

Liquidity

Four main liquidity metrics are used to adequately measure liquidity risk: the DNB stress test, the survival period, the stable funding to non-liquid assets and the loan-to-deposit ratio. These ratios are linked to the overall risk appetite of the bank. For sound liquidity management, the ratios need to be considered in combination with the funding diversification and maturity profile.

DNB Stress Test

The DNB stress test is a minimal regulatory requirement with which ABN AMRO Bank must comply. The DNB stress test measures the liquidity position after a severe and short stress scenario defined by DNB. DNB requires the liquidity level (1-month bucket) to be above the minimum required regulatory level of EUR 0 at all times. Thanks to ABN AMRO Bank's prudent approach, the DNB minimum stress buffer is comfortably met. The outcome of the DNB stress test was 25% higher on 30 June 2010 than it was on 31 December 2009.

Survival period

The survival period indicates whether the maturity calendar is squared under a going-concern assumption, which means (i) funds attracted through clients remain stable and (ii) no new wholesale funding is assumed. ABN AMRO Bank has improved its survival period by adjusting the funding mix and the maturity profile of that funding. ABN AMRO Bank is currently clearly complying with the internally set appetite risk levels.

Stable funding to non-liquid assets

ABN AMRO Bank uses an internally developed stable funding to non-liquid assets ratio in its liquidity management. This ratio shows the extent to which core assets (non-liquid assets) are covered by core liabilities (“**stable funding**”). Non-liquid assets are assets that require continuous funding and where – from a commercial perspective – ABN AMRO Bank is not in a position to discontinue funding. Stable funding is funding which is assumed to remain available in a crisis. On 30 June 2010, the ratio was 105% compared to 102% on 31 December 2009.

*Loan-to-deposit ratio (“**LtD**”)*

The LtD ratio measures the relationship between due from customers and due to customers. The definition scope includes client-driven business from all lines of business. The loans category includes all residential mortgages (the volume of the loan portfolio is not reduced because mortgages are securitized and externally sold). It does not include governmental and financial institutions, securities lending and repo transactions, and fair value adjustment due to hedge accounting. On 30 June 2010, the LtD ratio was 130% and remained unchanged compared with 31 December 2009.

Liquidity contingency plan

Liquidity is managed on a daily basis and, where required, on an intraday basis. Liquidity management depends on the effective functioning of financial markets, among other things. As this is not always the case, a liquidity contingency plan is in place. This plan is put into effect in the event of a change in ABN AMRO Bank’s normal business activities or in the stability of the local or international financial markets, so that the bank can continue to manage its liquidity position effectively.

Liquidity buffer

ABN AMRO Bank retains sufficient collateral for various activities, such as daily payment capacity and – in the event of an emergency – ECB tenders (as a safety cushion in the event of severe liquidity stress). Periodical stress tests are performed to assess the necessary buffer in multiple stress events. As at 30 June 2010, the liquidity buffer portfolio of EUR 55 billion consisted mainly of retained residential mortgage backed securities (“**RMBS**”) (29%), government bonds and covered bonds (23%) and cash (45%).

Funding

Objectives, measurement and control

The main objective for the coming period is to improve the funding profile by extending the maturity profile and improving the funding mix. In the first half of 2010, the legal predecessors of ABN AMRO Bank continued to improve their liquidity profile by attracting long-term funding. The funding profile is still skewed towards short-term maturities, but is improving compared with year-end 2009.

Liquidity Management closely cooperates with Group Treasury, also part of ALM/Treasury, which executes funding programs. All market access is centralized in ALM/Treasury.

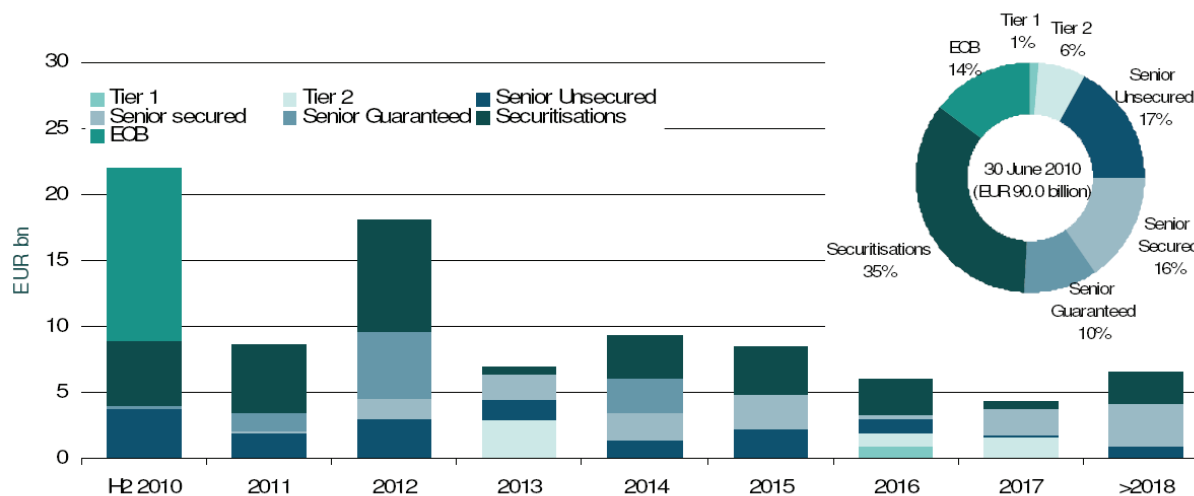
Current and target funding mix

- Management is focused on increasing the funding maturities and diversifying the funding profile and is working towards an appropriately balanced profile in the medium term.
- The bank benefits from sticky retail funding and reasonably diversified wholesale funding sources.
- The funding profile is skewed towards shorter maturities. At this point, implementation of the issuance strategy is on track and the bank has demonstrated that it can access all funding sources.

- Despite challenging markets, investor appetite and issue performance has been strong.
- Graph: maturity calendar and total outstanding of long-term funding per 30 June 2010

Maturity calendar

The following graph details the maturity calendar and total outstanding long-term funding as at 30 June 2010:



This maturity graph assumes the redemption of instruments on the early call date (if applicable) or otherwise on the legal maturity date. The early redemption of capital instruments (Tier 1 and Tier 2) is subject to the approval of regulators such as DNB and the European Commission. Due to the temporary call and coupon restrictions on hybrid instruments sanctioned by the European Commission, those instruments with call dates up to and including 13 March 2013 will be postponed to at least until 14 March 2013. The bar chart shows the maturity of EUR 90 billion long term debt by type of instrument per calendar year. The chart shows the breakdown of EUR 90 billion of funding instruments per type of instrument outstanding relative to each other.

Activities in 2010

A number of long-term financing initiatives were undertaken in the first half of 2010 to refinance different types of maturing debt:

- EUR 4.9 billion of senior unsecured wholesale funding was raised with maturities between 6 month period and 7 years;
- EUR 7 billion RMBS was sold externally with maturities between 4 and 6 years;
- EUR 1.5 billion of Covered Bonds were issued with a 10 year maturity;
- Funding programs were newly developed US Commercial Paper (“CP”) or updated to grant market access in the remainder of 2010;
- Unguaranteed CP and certificates de dépôt (CD) show maturity improvements compared with year-end 2009 and guaranteed CP paper was gradually replaced by unguaranteed CP & CD paper;
- EUR 700 million of long-term repo with a maturity of 2 years.

Available programs for new issuances

In addition to the Notes covered by this Base Prospectus and a recently updated EUR 25,000,000,000 Covered Bond Program, as at 30 June 2010, ABN AMRO Bank had the following programs available for new issuances:

European Medium Term Notes

This program allows for the issuance of capital securities and medium-term notes. Following the Legal Merger, a new Euro medium term note (“EMTN”) program will allow the bank to issue long-term unsecured funding. At 31 December 2009, the amount outstanding in the former EMTN program of FBN was EUR 165 million with a maturity of 1 year. At 30 June 2010, EUR 4.9 billion in total was raised through this program, with an average original maturity of 3.2 years.

Covered Bond program

ABN AMRO Bank has a Covered Bond program available to attract secured long-term funding. On 30 June 2010, the total amount outstanding was EUR 13.9 billion, with an average original maturity of 8.9 years. At 31 December 2009, the total outstanding was EUR 12.4 billion, with an average original maturity of 8.8 years.

Euro Commercial Paper

This EUR 25 billion funding program for the issuance of Euro-Commercial Paper (“ECP”) allows for unsecured issuances either guaranteed or not-guaranteed by the Dutch State with maturities up to one year. On 30 June 2010, the total amount outstanding was EUR 9.6 billion of which EUR 2.7 billion was state guaranteed CP which issued with a maturity of 364 days. The unguaranteed CP amounted to EUR 6.9 billion with an average maturity of 4.1 month period. At 31 December 2009, the total outstanding of guaranteed CP was EUR 6.3 billion, with an average original maturity of 10.8 months. For unguaranteed CP the total amount outstanding at 31 December 2009 was EUR 5.0 billion with an average original maturity of 3.2 months.

French Certificats de Dépôt

This EUR 25 billion funding program allows for the issuance of unsecured French certificats de Dépôt (“FCD”) with maturities up to and including one year, targeting French institutional investors. On 30 June 2010, the total amount outstanding under this program was EUR 4.4 billion. The average maturity of the certificates issued is 4.7 months. At 31 December 2009, the total outstanding was EUR 4.4 billion, with an average original maturity of 4.6 months.

US Commercial Paper

This EUR 5 billion funding program allows ABN AMRO Bank to attract USD for local investors in the United States. It permits unsecured issuances with maturities up to one year. The issuance started in July 2010.

Private Investor Programs (PIP launch pad)

The PIP programs allow ABN AMRO Bank to raise unsecured funding through a private investor base. The programs are currently being updated to enable the bank to attract long-term funding and diversify the funding base.

State Guaranteed Notes

The EUR 40 billion funding program allows ABN AMRO Bank to issue notes under the EUR 200 billion Credit Guarantee Scheme of the Dutch State. In 2009, several publicly and privately held notes were issued to a total amount of EUR 9.3 billion. On 30 June 2010 the total amount issued was EUR 9.3 billion. The average maturity of the issued paper is 3.1 years. This is equal to the situation at 31 December 2009.

Capital resources and minimum capital requirement information

FBN reported its regulatory capital under Basel II Advanced-IRB. Until Legal Separation on 1 April 2010, ABN AMRO Bank Standalone reported its regulatory capital under Basel I. As of 1 April 2010, ABN AMRO Bank Standalone reported and, since the Legal Merger, ABN AMRO Bank reports under Basel II Advanced-IRB. The consolidated and combined capital ratios are not available for ABN AMRO Bank for the period before 1 April 2010.

The capital requirements of the two banks were reported to the Dutch Central Bank on a separate basis at the end of June 2010. The application of Basel II policies, methodologies and models in order to calculate the regulatory capital and risk-weighted assets for the merged bank is currently in the process of harmonization. Until completion of the harmonization, the reported Basel II capital ratios will be combined pro forma capital ratios based on consolidated IFRS equity.

The following table sets forth an analysis of ABN AMRO Bank's capital ratios at 30 June 2010:

	As at 30 June 2010
	<i>(in millions of euros)</i>
Total equity (IFRS)	11,385
(Non-) innovative hybrid capital instruments ⁽¹⁾	3,085
Participations in financial institutions	(265)
Other regulatory adjustments	599
Tier 1 Capital	14,804
Subordinated liabilities Tier 2 (UT2)	915
Subordinated liabilities Tier 2 (LT2)	5,155
Participations in financial institutions	(265)
Other regulatory adjustments	(171)
Subtotal regulatory capital	20,438
Credit risk (RWA) ⁽²⁾	100,716
Operational risk (RWA) ⁽³⁾	14,987
Market risk (RWA) ⁽⁴⁾	4,449
Total Basel II Risk weighted assets	120,152
Capital Ratios	
Tier 1 capital ratio	12.3%
Total capital ratio	17.0%

Notes:

- ⁽¹⁾ Explanatory information about the innovative and non-innovative capital instruments is provided below.
- ⁽²⁾ Credit risk RWA is based on the Basel II Advanced IRB and a part of the portfolio is reported on (a) the Standardized Approach and (b) on the Foundation Approach as part of the Basel II roll-out program. The downturn characteristics of some credit risk models are being reviewed and in anticipation of model adjustments the Credit Risk RWA include additional RWA.
- ⁽³⁾ Operational Risk RWA includes additional RWA for separation and integration risks and is calculated on the Basel II Advanced Measurement Approach (AMA) and on the Basel II Standardized Approach.
- ⁽⁴⁾ Both the Basel II Standardized Approach and the internal model method are currently used for Market Risk RWA.

Regulatory capital

The regulatory Tier 1 capital under Basel II amounted to EUR 14,804 million and the total capital amounted to EUR 20,438 million at 30 June 2010. Compared to the risk-weighted assets, this leads to a Tier 1 ratio of 12.3% and a total ratio of 17.0%. These capital ratios are well above the regulatory minimum requirements.

Capital instruments

Mandatory Convertible Securities ("MCS")

The MCS have a nominal amount of EUR 2 billion and pay a semi-annual coupon, in arrears, at an annual rate of 8.75%. The MCS are reported in the balance sheet under subordinated liabilities and qualify for regulatory purposes as non-innovative Tier 1 capital. The MCS constitute unsecured and

subordinated obligations of ABN AMRO Bank N.V., BNP Paribas Fortis (former Fortis Bank SA/NV) and Ageas SA/NV and Ageas N.V. (previously named Fortis SA/NV and Fortis N.V., respectively). As set out in the prospectus of the MCS, the obligations of the issuers of the MCS are joint and several. The MCS are subordinated to all other loans, subordinated loans and preference shares, but rank senior to ordinary shares. All outstanding MCS will be mandatorily converted on 7 December 2010 into a number of Ageas shares to be determined in accordance with the prospectus.

The most recent coupon payment was made on 7 June 2010.

The MCS are listed and traded on Euronext Amsterdam by NYSE Euronext.

See also “*General Information—Legal and arbitration proceedings*”.

Perpetual Bermudan Callable Securities

EUR 1 billion of Perpetual Bermudan Callable Capital Securities were issued in 2006. This innovative Tier 1 instrument has a fixed 4.31% coupon up to March 2016 after which the coupon resets to three month Euribor plus 166 basis points. This instrument is reported in the balance sheet under subordinated liabilities.

Payments may be deferred, but any deferred coupon payment will immediately become due if the Issuer makes payments on or purchases or redeems securities ranking pari-passu with the Capital Securities or if ABN AMRO Group makes payments on any of its Ordinary Shares. Under a regulatory event, the coupon payment will be deferred mandatorily. Following a regulatory event, the terms of the security will be modified such that the security becomes non-cumulative.

Deferred coupons will be satisfied using the Alternative Coupon Satisfaction Mechanism (ACSM). This mechanism means that the relevant payment is satisfied from the proceeds of the public or private issue by ABN AMRO Group of such amount of ordinary shares for cash as required to make the relevant payment. Investors will always receive payments made in respect of the Capital Securities in cash.

The last annual coupon was paid on 10 March 2010. Assuming no regulatory event takes place, the next coupon payment on 10 March 2011 will be paid due to a dividend payment made by RFS Holdings B.V. on 1 April 2010.

The Capital Securities are listed and traded on Euronext Amsterdam by NYSE Euronext.

Fortis Capital Company Ltd.

Fortis Capital Company Ltd. (“FCC”) (legal renaming to ABN AMRO Capital Finance Ltd. to be effectuated shortly) issued class A1 preference shares in 1999. FCC was a subsidiary of Fortis Bank Nederland (and as of the Legal Merger, ABN AMRO Bank). On the reporting date, and following the cash settlement of 29 June 2009, a number of 87,489 of remaining class A1 preference shares were outstanding with a total nominal value of EUR 87,489,000. This amount is reported in the balance sheet under subordinated loans. The A1 preference shares were redeemed on 29 September 2010.

Ageas initiated court proceedings against FCC, ABN AMRO Bank N.V. and the Dutch State claiming EUR 362.5 million compensation, which Ageas was liable for on the cash settlement date of 29 June 2009. These proceedings are pending. In an initial summary hearing of 25 June 2009 the court ruled and denied all claims of Ageas. FCC and ABN AMRO Bank N.V. continue to have the opinion that Ageas is not entitled to any compensation.

See also “*General Information—Legal and arbitration proceedings*”.

ABN AMRO Preferred Investments

In connection with the Legal Merger, ABN AMRO Group issued 75,000,000 class A noncumulative preference shares to ABN AMRO Preferred Investments B.V. (previously Fortis FBN(H) Preferred Investments B.V.) in exchange for 150,000 class A non-cumulative preference shares in FBN on 1 July 2010.

These preference shares were issued for a total amount of EUR 210 million. The preference share dividend over 2009 has been reserved into a dedicated preference share dividend reserve. Both the

preference shares and the dedicated dividend reserve are recognized as Tier 1 capital. Until January 2013, the preferred dividend on the class A preference shares is 5.85%.

The Dutch State owns 35 priority shares and institutional investors own three classes of five ordinary shares in ABN AMRO Preferred Investments B.V. The priority shares held by the Dutch State effectively allow the Dutch State to control this entity.

ABN AMRO Perpetual Subordinated Notes

On 20 September 2010, ABN AMRO Bank made an offer to the holders of the GBP 750,000,000 Perpetual Subordinated (Upper Tier 2) Notes issued under the program for the issuance of Medium Term Notes and Direct Access Notes to tender their notes for repurchase by ABN AMRO Bank for cash. On 27 September 2010, ABN AMRO announced that it accepted for repurchase an aggregate principal amount of the notes amounting to GBP 600,533,000.

In conjunction with the announcement of the tender offer, on 20 September 2010, ABN AMRO Bank stated that it intended to issue new subordinated debt securities. Given uncertainties following recent Basel 3 announcements, however, ABN AMRO Bank decided not to issue new subordinated debt securities at the time.

Capital measures

In July 2009, two capital actions were executed by the Dutch State Acquired Businesses of the Former ABN AMRO Group: a EUR 800 million Mandatory Convertible Tier-1 Security with a coupon of 10% was issued to the Dutch State and a Credit Default Swap, also known as a capital relief instrument (“CRI”), was executed with the Dutch State through which ABN AMRO Bank Standalone purchased credit protection on a specific portfolio of self-originated high-quality Dutch residential mortgages amounting to EUR 34.5 billion against payment of a EUR 169 million annual fee (pre-tax). ABN AMRO Bank reports under Basel II as of 1 April 2010. The impact of the transaction on risk-weighted assets under Basel II is significantly less. Therefore ABN AMRO Bank decided to use its right to terminate the CRI as it was no longer (cost) efficient and on 15 October 2010, ABN AMRO Bank notified the Dutch State that would exercise its option to terminate the CRI as of 31 October 2010. ABN AMRO will continue to be adequately capitalized.

In December 2009, two additional capital actions were executed with the Dutch State: the issue of two further Mandatory Convertible Securities totaling EUR 1.8 billion. On 1 April 2010, all three Mandatory Convertible Securities amounting in the aggregate to EUR 2.6 billion automatically converted into equity upon Legal Separation. The conversion did not change the total level of Tier 1 capital, only the composition thereof.

Furthermore, FBN executed a debt to equity swap amounting to EUR 1.35 billion with the Dutch State in December 2009. The swap comprised of two subordinated loans maturing in 2017 that were converted into equity.

Finally, ABN AMRO Group received a contribution on its shares held by the Dutch State in cash in the amount of EUR 490 million as a non-stipulated share premium (*niet-bedongen agio*) contribution without the issue of shares. With this capital contribution the capitalization of ABN AMRO Bank, as laid down in the letter to parliament of 19 November 2009, was completed.

European Commission state aid investigation

On 8 April 2009, the European Commission notified the Dutch State to initiate a procedure concerning potential state aid in connection with (i) the acquisition of FBN by the Dutch State on 3 October 2008 and (ii) the transfer of the 33.8% stake in RFS Holdings by FBN to the Dutch State on 24 December 2008.

On 8 February 2010, the European Commission preliminarily approved the recapitalizations executed by the Dutch State until 31 July 2010. The European Commission also incorporated this capital rebalancing in the inquiry into state support measures it started in April 2009. The European Commission aims to prevent that the aid is used to distort competition and to weaken competitors by adopting an aggressive pricing or acquisition policy.

On 30 July 2010, the European Commission announced it ‘prolonged the temporary authorization of the state support’. The temporary approval is prolonged until the Commission will have completed its investigations and adopted a final decision on the compatibility of the notified and non-notified measures in favor of these companies with EU state aid rules’.

CEBS stress test

On Friday 23 July 2010, ABN AMRO Bank published a press release: ‘ABN AMRO Bank successfully passes European stress test’, confirming that ABN AMRO Bank had successfully passed the European stress test to which it was subject in the context of the 2010 EU-wide stress testing exercise conducted under the mandate from the EU Council of Ministers of Finance (ECOFIN) and coordinated by Committee of European Banking Supervisors (“**CEBS**”) in cooperation with the European Central Bank (“**ECB**”), national supervisory authorities and the European Commission.

The objective of the stress test exercise was to assess the overall resilience of the EU banking sector and the banks’ ability to absorb further possible shocks on credit and market risks, including sovereign risks.

In its press release, ABN AMRO Bank acknowledged the outcome of the EU-wide stress test for ABN AMRO Bank and confirmed that the estimated stressed Tier 1 capital ratio of 10.3% in 2011 comfortably exceeded the minimum Tier 1 capital ratio of 6% as set by the CEBS under the scenario developed for the purpose of this EU-wide exercise. An additional sovereign risk scenario would have a further impact of 40 basis points on the estimated Tier 1 capital ratio, bringing it to 9.9% at the end of 2011.

The results of the stress test suggested a buffer of EUR 5,531 million of Tier 1 capital against the threshold of 6% of Tier 1 capital adequacy ratio for the Issuer agreed exclusively for the purposes of this exercise. This threshold should by no means be interpreted as a regulatory minimum (the regulatory minimum Bank for International Settlements (“**BIS**”) ratio for the Tier 1 capital is set at 4%), nor as a capital target reflecting the risk profile of ABN AMRO Bank determined as a result of the supervisory review process in pillar 2 of the EU Capital Requirements Directive.

The aggregated RWA and capital figures used for the stress test are based on the aggregation of the RWA and capital components of ABN AMRO Bank as it existed for purposes of the stress test and FBN and therefore do not reflect the impact of the harmonization of the determination of the RWA and capital components.

The results of the stress test were extensively discussed with and endorsed by the Dutch Central Bank. Given that the stress test was carried out under a number of key common simplifying assumptions (e.g. constant balance sheet) and the information on the benchmark scenario is provided only for comparison purposes, the results of the stress test should in no way be construed as a forecast.

In the interpretation of the outcome of the exercise, it is imperative to differentiate between the results obtained under the different scenarios developed for the purposes of the EU-wide exercise. The results of the adverse scenario should not be considered as representative of the current situation or possible present capital needs. A stress testing exercise does not provide forecasts of expected outcomes since the adverse scenarios are designed as ‘what-if’ scenarios including plausible but extreme assumptions, which are therefore not likely to materialize. Different stresses may produce different outcomes depending on the circumstances of each institution.

European Commission decision on call option to early redeem a subordinated note (FCC)

On 16 August 2010, it was announced that the European Commission had as a matter of exception approved the call of the remaining EUR 87,489,000 6.25 per cent. Non-cumulative non-voting perpetual class A Series 1 preference shares issued by FCC (the “**FCC Securities**”). Due to the existence of a dividend pusher clause in the documentation of the FCC Securities linked to dividend payments made by Ageas N.V. and Ageas SA/NV, entities outside the control of the Issuer, DNB had taken the view that from a regulatory perspective the FCC Securities should be reclassified from Tier 1 capital to Tier 2 capital as of 1 July 2010. In order to prevent the FCC Securities from being reclassified to Tier 2, the Issuer has redeemed all outstanding FCC Securities on the following dividend payment date of 29 September 2010.

As ABN AMRO Bank is a bank subject to state aid investigation, ABN AMRO Bank and its subsidiaries are required to consult the European Commission in order to redeem capital instruments prior to legal maturity or to pay coupons. The European Commission had as a matter of exception determined that the request for early redemption of the FCC Securities could be reconciled with state aid rules, as it prevents the loss of Tier 1 capital.

The European Commission also stated that existing hybrid Tier 1 and Tier 2 instruments issued by ABN AMRO Group and its wholly owned subsidiaries are subject to a ban on payments of coupons, as well as a call restriction, unless there is a legal obligation to make such payments or exercise such call option, similar to other financial institutions involved in state aid proceedings. This ban is for a limited period up to and including 13 March 2013.

REGULATION

Regulation and supervision in The Netherlands

General

ABN AMRO Bank's regulatory system in The Netherlands 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 has replaced, amongst others, the Act on the Supervision of the Credit System 1992 without affecting the existing supervisory system. 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).

ABN AMRO Bank is a “**universal bank**” under the terms of the Financial Supervision Act because it is engaged in the banking business as well as the securities business. Some of the provisions of the Financial Supervision Act may restrict a bank's ability to make capital contributions or loans to subsidiaries and to make distributions.

On 13 January 2010, DNB granted a banking license to ABN AMRO Bank N.V. for engaging in universal banking business in The Netherlands.

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 instruct the credit institution to behave in a certain manner. 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.

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. Finally, the regulation lays down reporting rules, for example reporting deadlines and reporting frequency.

Conduct of business supervision

The body responsible for carrying out this supervision in The Netherlands is 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. 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.

Solvency supervision

Capital adequacy framework (Basel)

In 2004, the Basel Committee on Banking Supervision 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 (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 introduces 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, in the new regulation, requires each institution to conduct an internal capital adequacy assessment process (ICAAP).
- Pillar 3 aims to bolster market discipline through enhanced disclosure by banks.

Basel III

In December 2009, the Basel Committee proposed reforms to the Basel framework for capital and funding standards (“**Basel III**”). Recently, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, agreed on the overall design and framework of Basel III and made several amendments. Agreement on remaining outstanding topics within Basel III is due to be finalized by the end of 2010. Once completed, the implementation of Basel III is expected to be phased in as of the end of 2012 over a multi-year period (at least five years). ABN AMRO carefully studies the developments in order to be able to prepare for and determine the impact of the implementation of the new Basel III guidelines.

CRD II

The 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. Due to changes in the market, the EC revised the Capital Requirements Directives (CRD II) in several respects. These changes will come into effect with the introduction of CRD II on 1 January 2011 and later in time in the CRD III which is still under negotiation.

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

As from 1 January 2008, all banks under Dutch law are obliged to apply the Basel II rules to report their capital requirements to DNB. The Former ABN AMRO Group, including the businesses now included in ABN AMRO Bank was granted a waiver from this requirement by DNB until the end of 2009, due to the sale of the Former ABN AMRO Group to the Consortium. In 2009 the Former ABN AMRO Group reported according to the Basel I regime, whereas its business was managed as if it were Basel II compliant.

ABN AMRO Bank has implemented the Advanced Internal Ratings Approach for credit and operational risk and the Standardized Approach for market risk as defined by the Capital Requirements Directive and Dutch law, and is using these approaches in managing its business. ABN AMRO Bank undertakes regular assessments of its internal capital requirements based on a quantification of the material risks to which it is exposed. This assessment includes the use of stress tests to assess whether ABN AMRO Bank capital resources are adequate to remain above minimum requirements during specified scenarios. The results of this internal capital assessment are reviewed by the Policy & Portfolio Risk Committee and the Asset and Liability Committee (“**ALCO**”) and are used to ensure the adequacy of available capital resources, based on target and minimum capital requirements as set in the risk appetite framework.

The solvency rules for Basel I require ABN AMRO Bank to maintain a minimum level of total capital to support the risk-weighted total value of balance sheet assets and off-balance sheet items. These off-balance sheet items include guarantees; documentary credits; the credit equivalent of interest- and currency-related contracts; unused portions of committed credit facilities with an original maturity of over one year; note issuance facilities and revolving underwriting facilities; and the market risk for financial instruments in the trading book. This minimum level of total capital is called the “capital adequacy ratio”. The risk weighting considers the debtor’s risk, which depends on factors including the debtor’s classification, whether or not security is provided, and the country of origin of the debtor.

For ABN AMRO Bank, total capital consists of core capital (Tier 1 capital) and secondary capital (upper and lower Tier 2 capital). ABN AMRO Bank is also permitted to maintain an additional form of regulatory capital, Tier 3 capital, to support the market risk of financial instruments in ABN AMRO Bank’s trading book and foreign exchange risk of all business activities. The amount of lower Tier 2 capital may not exceed 50% of the amount of Tier 1 capital, and the amount of Tier 2 capital included in total capital may not exceed the amount of Tier 1 capital. In addition, Tier 3 capital may not exceed 250% of the amount of Tier 1 capital that is necessary to support market and foreign exchange risk, and the sum of Tier 2 and Tier 3 capital may not exceed Tier 1 capital. Goodwill and interests of more than 10% in non-consolidated banking and financial subsidiaries are deducted from Tier 1 capital and total capital.

Exposure supervision

DNB has issued specific rules with respect to large exposures to a single borrower or group of interconnected borrowers, or in relation to certain other businesses that involve a concentration of risk. Large exposures generally include all assets and off-balance sheet items of a credit institution with respect to a single borrower or group of interconnected borrowers which exceed 10% of a credit institution’s total capital. Large exposures must be reported once every quarter to DNB. There is a limit of 25% of total capital for a single large exposure as part of the banking book. Trading book positions may exceed this limit subject to additional solvency requirements. The aggregate amount of all large exposures of a credit institution may not exceed 800% of its total capital.

Liquidity supervision

Banks are required to report on a consolidated level on their liquidity position to DNB monthly, on the basis of the liquidity supervision directive. The liquidity directive seeks to ensure that banks are in a position to cope with an acute short term liquidity shortage under the assumption that banks would remain solvent. In principle, DNB liquidity directive covers all direct domestic and foreign establishments (subsidiaries/branches), including majority participations. The regulatory report also takes into consideration the liquidity effects of derivatives and the potential drawings under committed facilities.

The directive places emphasis on the short term in testing the liquidity position over a period of up to one month with a separate test of the liquidity position in the first week. For observation purposes, several additional maturity bands are included in the liquidity report (one to three months, three to six months, six months to one year and beyond one year).

Available liquidity must always exceed required liquidity. Available liquidity and required liquidity are calculated by applying weighting factors to the relevant on- and off-balance sheet items, i.e. irrevocable commitments. The liquidity test includes all currencies. Compliance reports concerning liquidity requirements of foreign subsidiaries are submitted to the appropriate foreign regulatory authorities as required. At a consolidated level, and in every country in which ABN AMRO Bank operates, it adheres to the liquidity standards imposed by the applicable regulatory authorities.

As a result of the current turbulent times DNB has required more frequent liquidity information from the banks with a shorter maturity bands. These reports are submitted on a weekly basis.

CEBS stress test

On 23 July 2010 ABN AMRO stated that (i) it participated in the 2010 EU-wide stress testing exercise coordinated by CEBS, in cooperation with the ECB and DNB, (ii) the estimated stressed Tier 1 capital ratio of 10.3% in 2011 comfortably exceeded the minimum Tier 1 capital ratio of 6% and (iii) under the

additional sovereign risk scenario the estimated Tier 1 capital ratio would have been 9.9% at the end of 2011.

Structural supervision

Pursuant to the Financial Supervision Act, banks are prohibited to hold, acquire or increase a qualifying holding or exercise any control relating to a qualifying holding in a bank in The Netherlands, except if it has obtained a Declaration of No Objection (“**DNO**”) from DNB (or in certain specified cases from the Dutch Minister of Finance). Qualifying holding means a participation of at least 10% in the issued share capital of the related voting rights or similar influence. The DNO would be issued unless the qualifying holding in ABN AMRO Bank concerned would lead to an influence which might jeopardize sound and prudent operations or the qualifying holding could or would lead to an undesirable development of the financial sector.

DNB or the Dutch Minister of Finance can, on request, grant so-called bandwidths, umbrella and group-DNOs in respect of qualifying holdings. A DNO is not required in case of a qualifying holding by a bank in a company whose assets consist of more than 90% liquid assets.

According to Dutch regulation a DNO will not be issued regarding a qualifying holding by a bank in a non-financial institution if the value of the equity participation would exceed 15% of a bank’s regulatory capital and if the participation would cause the value of ABN AMRO Bank’s aggregate qualifying holdings in non-financial institutions to exceed 60% of its regulatory capital. Certain types of participations will be approved in principle, although in certain circumstances a DNO will have a limited period of validity, such as in the case of a debt rescheduling or rescue operation or when the participation is acquired and held as part of an issue underwriting operation. Generally the approval will be given where the value of the non-financial institution concerned or the value of the participation does not exceed certain threshold amounts.

Supervision of the securities and investment businesses

ABN AMRO Bank is also subject to supervision of its activities in the securities business. The Financial Supervision Act, which has replaced the Act on the Supervision of the Securities Trade 1995 together with the decrees and regulations promulgated thereunder, provides a comprehensive framework for the conduct of securities trading in or from The Netherlands. The AFM is charged by the Dutch Minister of Finance with supervision of the securities industry.

Regulation and supervision in the European Union

The Financial Services Action Plan 1999-2005 has laid the foundations for a single financial market in the EU and has brought about many changes. In its strategy on Financial Services for 2005-2010, the European Commission sets out its objectives to achieve an integrated, and competitive EU financial market by removing any remaining barriers, especially in the retail area so that financial services can be provided and capital can circulate freely throughout the EU at the lowest possible cost, resulting in high levels of financial stability, consumer benefits and consumer protection.

The financial services sector includes three major areas for which European regulatory policies apply: banking, capital markets and asset management.

Regulation in the rest of the world

ABN AMRO Bank’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.

GOVERNANCE

Supervisory Board

Responsibilities of the Supervisory Board

ABN AMRO Bank's supervisory board (the "**Supervisory Board**") supervises ABN AMRO Bank's managing board (the "**Managing Board**"), as well as ABN AMRO Bank'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 of ABN AMRO Bank and the enterprise connected with it and shall take into account the relevant interests of ABN AMRO Bank's stakeholders. Certain powers are vested with the Supervisory Board, including the approval of certain resolutions of the Managing Board.

Supervisory Board members will be appointed for a term of four years and may be re-appointed after that term. Members of the Supervisory Board may serve a maximum term of 12 years from the date of their first appointment. Candidates recommended for appointment or re-appointment to the Supervisory Board should meet the criteria of the membership profile.

Members of the Supervisory Board will be appointed by the General Meeting of Shareholders. The Supervisory Board will nominate one or more candidates for each vacant seat. In addition, the Works Council will have the right to nominate one third of the total number of Supervisory Board members.

Composition of the Supervisory Board

The following persons are appointed as members of the Supervisory Board, together with an indication of their principal activities performed by them outside of ABN AMRO Bank:

Name	Principal activities performed by them outside ABN AMRO Bank which are significant with respect to ABN AMRO Bank*
Hessel Lindenbergh, <i>Chairman</i>	Chairman of Supervisory Board, Bank voor de Bouwnijverheid N.V. (Bank for Construction Industry) Chairman of Supervisory Board, Agendia B.V. Chairman of Board, Centraal Fonds Volkshuisvesting (Central Housing Fund) Chairman, Prinses Christina Concours Member of Supervisory Board, Ortec International B.V. Member of Supervisory Board, Gamma Holding N.V. Member of Supervisory Board, Zeeman Groep N.V. Member of Supervisory Board, DHV Holding N.V. Member of Supervisory Board, Docters Pension Fund B.V. Member Board of Trustees, University of Amsterdam Member of Board, Stichting Preferente Aandelen (Foundation Preferred Shares) TNT Groep N.V., Vopak N.V., Wolters Kluwer N.V., Telegraaf Media Groep Executive Board Member, German Dutch Chamber of Commerce Member, Comité van Aanbeveling (Committee of Recommendation) Holland Symfonia

Name	Principal activities performed by them outside ABN AMRO Bank which are significant with respect to ABN AMRO Bank*
Hans de Haan	Member of Board, Stichting (Foundation) Trustee Achmea Hypotheekbank Trustee in the bankruptcy of Van der Hoop Bankiers N.V. Trustee in the bankruptcy of N.V. De Indonesische Overzeese Bank
Steven ten Have	Professor of Strategy and Change at Vrije Universiteit Amsterdam and partner at Ten Have Change Management Chairman of Supervisory Board, Cito B.V. Vice-Chairman of Supervisory Board, Stichting Cito Instituut voor Toetsontwikkeling (Foundation Cito Institute for Educational Testing Development) Chairman, Postgraduate Programme Change Management, Vrije Universiteit, Amsterdam Member, Committee for Social Innovation Ministry of Economic Affairs Member of Board, Stichting Instituut Nederlandse Kwaliteit (Foundation Institute Netherlands Quality) Member, Redactieraad (Editorial Committee) Management & Consulting
Bert Meerstadt	Chairman of Executive Board, N.V. Nederlandse Spoorwegen (Netherlands Railways) Member of Supervisory Board, Lucas Bols Member of Board, Transumo, Innovation in Mobility Chairman of Marketing Advisory Board Rijksmuseum Chairman of Board, Friends of Concertgebouw and Royal Concertgebouw orchestra
Marjan Oudeman	Member of Supervisory Board, N.V. Nederlandse Spoorwegen (Netherlands Railways) Member of Board, Stichting Comité (Foundation Committee) of the Concertgebouw (SCC) Member of the Executive Committee, Akzo Nobel N.V.
Annemieke Roobeek	Professor of Strategy and Transformation Management at Business Universiteit Nyenrode and Director of MeetingMoreMinds Chairperson of Netherlands Center for Science and Technology (NCWT) and NEMO – Science Center, Amsterdam Chairperson of INSID, Foundation for sustainability and innovation realization directed by his Royal Highness Prince Carlos de Bourbon Parma Member of Supervisory Board, RAI Amsterdam Exhibition Centers Member of Supervisory Board, Abbott Healthcare Products B.V. Member of VROM-Council, responsible for a future outlook on Urbanism and Sustainability

Name	Principal activities performed by them outside ABN AMRO Bank which are significant with respect to ABN AMRO Bank*
Rik van Slingelandt	Member of Board, Foundation of the Medical Center of the Vrije Universiteit, Amsterdam Member of Supervisory Board, Kahn Scheepvaart B.V. Advisor, Redevco B.V.
Peter Wakkie	Member of Board, Stichting Neijenburg President, Save the Children Nederland Lawyer Vice-Chairman of Supervisory Board, Wolters Kluwer N.V. Member of Supervisory Board, TomTom N.V. Member of Supervisory Board, BCD Holdings N.V. Member of Supervisory Board, Rotterdamse Schouwburg Member of Board, Vereniging (Association) Corporate Litigation Member of Board, VEUO Member of Board, Stichting Preferente Aandelen (Foundation Preferred Shares) B KPN Member of the Maatschappelijke Adviesraad (Social Advisory Council) REBO of the University of Utrecht Member of Board of Governors, Postgraduate Opleiding (Programme) Corporate Compliance Vrije Universiteit Member of Board, Stichting (Foundation) Grotius Academie Member of Advisory Council, Institute Internal Auditors Nederland Member of Monitoring Committee corporate governance code Member of Stichting Continuïteit (Foundation Continuity) Boskalis Member of Advisory Committee John Adams Institute Interim Director, KKCG-vennootschappen

* 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 Supervisory Board is also member of the Supervisory Board of ABN AMRO Group

Activities of the Supervisory Board

The Supervisory Board of ABN AMRO Bank has three committees:

Audit Committee

The responsibilities of the Audit Committee include supervising, monitoring and advising the Supervisory Board on the effectiveness of internal risk management and control systems and reviewing and advising the Supervisory Board on the disclosure of financial information.

Remuneration, Selection and Nomination Committee

The nomination responsibilities include preparing for the selection and nomination of members of the Supervisory and Managing Boards by preparing and periodically reviewing the succession plans of these Boards on the basis of agreed profiles. The Remuneration, Selection and Nomination Committee defines

performance standards and criteria. It periodically reviews the performance of the members of both Boards. Decisions are made on compensation, benefits, pension schemes and other relevant schemes.

Risk & Capital Committee

The role of the Risk & Capital Committee includes annual review of the risk appetite of ABN AMRO Bank, regular strategic review of whether ABN AMRO Bank's activities are aligned with that risk appetite, regular review of the risk profile of ABN AMRO Bank, evaluation of the performance of the risk management functions within ABN AMRO Bank, review of ABN AMRO Bank's risk management framework including the organizational structure and decision-making process, and review of decisions made with material impact on the allocation of capital, liquidity and/or risk profile of ABN AMRO Bank. The Risk & Capital Committee will also review and advise on compliance with informal and external regulation, and the development of a culture of compliance.

Managing Board

Responsibilities of the Managing Board

The members of the Managing Board of ABN AMRO Bank are collectively responsible for managing the bank and are responsible for its strategy, structure and performance. The members are appointed by the General Meeting of Shareholders. The Supervisory Board will nominate one or more candidates for each vacant seat. If the candidate nominated by the Supervisory Board is not appointed, the Supervisory Board will be asked to nominate a new candidate. If the new candidate is also not appointed, then the General Meeting of Shareholders will be free to appoint a candidate of their choice. The members of the Managing Board are accountable both collectively and individually for all decisions taken by the Managing Board.

The Chairman of the Managing Board leads the Board in its overall management of ABN AMRO Bank to achieve its performance goals and ambitions. The Chairman is the main point of liaison with the Supervisory Board. The Chief Financial Officer is responsible for the financial affairs of ABN AMRO Bank, and the Chief Risk Officer is responsible for risk management and operational risk control.

Composition of the proposed Managing Board

The following seven persons have been appointed for terms of four years to the Managing Board:

Name	Date appointed to Managing Board:	Principal activities performed by them outside ABN AMRO Bank which are significant with respect to ABN AMRO Bank*
Gerrit Zalm, <i>Chairman</i>	23 December 2008	None
Jan van Rutte, <i>Vice Chairman & CFO</i>	1 April 2010	None
Johan van Hall, <i>Technology, Operations, Property and Services</i>	28 February 2009	None
Caroline Princen, <i>Integration, Communication & Compliance</i>	1 April 2010	None
Wietze Reehoorn, <i>Risk Management & Strategy</i>	1 April 2010	None
Chris Vogelzang, <i>Retail & Private Banking</i>	28 February 2009	None
Joop Wijn, <i>Commercial & Merchant Banking</i>	1 April 2010	None

* 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

Conflict of interest and address information

There are no actual or potential conflicts of interest between the duties to 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 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.

Corporate governance codes

ABN AMRO Bank believes that, good corporate governance will be critical to the company's ability to realize its strategic goal of creating sustainable long-term value for all ABN AMRO Bank's stakeholders – including its shareholder, its clients, its employees and society at large.

In order to achieve good corporate governance, ABN AMRO Bank organizes the bank in a way that promotes first-class stewardship by the Managing Board and effective supervision by the Supervisory Board. ABN AMRO Bank believes that integrity, transparency and accountability will be key elements of ABN AMRO Bank's corporate governance, as they are in the ABN AMRO's business as a whole. These key elements ensure that the controls and oversight necessary for effective risk management, proper compliance with regulations, and accurate and complete disclosure of information to the market will be in place and functioning well.

Even though ABN AMRO Bank as a non-listed company, is not required to adhere to the Dutch Corporate Governance Code, ABN AMRO continues to place importance on a transparent governance structure and substantially adheres to the Dutch Corporate Governance Code. Any deviations will be explained in the 2010 Annual Report.

On 1 January 2010 the “**Dutch Banking Code**” that was drawn up by The Netherlands Bankers' Association came into effect. The Dutch Banking Code applies to ABN AMRO Bank. The principles of the Banking Code apply in full to the relevant entities of the banking group. ABN AMRO fully adheres to the principles of the Banking Code, and any deviations will be explained in the 2010 Annual Report.

All members of the Managing Board have signed the declaration on moral and ethical conduct as recommended by the Banking Code.

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(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(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 Certificate 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 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 The Bank of New York Mellon, New York acts as the US depository for Euroclear (each, a “**US Depository**” and, collectively, the “**US Depositories**”).

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 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 Securities 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 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 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 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 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 depository'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 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 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 Depository.

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 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, (iii) the Issuer, in its discretion, elects to issue Definitive Notes for a specific issue of Securities; 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.

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 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, depository and custodial links have been established among these systems and others, either directly or through custodians and depositories, 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 and 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 depository 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 depository 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 Eurobonds 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 Depository 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 Depository 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 Depository 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 Depository 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 applicable Final Terms 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 FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Program with a minimum denomination at least US\$100,000 (or its equivalent in another currency).

ABN AMRO Bank N.V.

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

Issue of [Aggregate Nominal Amount of Tranche] [Title of 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) (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 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.

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 12 November 2010 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC (the “Prospectus Directive”). This document constitutes the Final Terms of the 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 Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at <http://www.abnamro.com/ir> and during normal business hours at the registered office of the Issuer at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and copies may be obtained from the Issuer at that address. 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.

[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 (as defined below), 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 [original date]. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC (the “Prospectus Directive”)) and must be read in conjunction with the Base Prospectus dated 12 November 2010 which constitutes a base prospectus for the purposes of the Prospectus Directive, 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 12 November 2010, 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> 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 or subparagraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. Issuer: ABN AMRO Bank N.V.
2. (i) Series Number:
- (ii) Tranche Number:
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies
4. Aggregate Nominal Amount:
 - Tranche:
 - Series:
5. Issue Price of Tranche % of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
6. (a) Specified Denominations:
 [“[EUR50,000] or equivalent and integral multiples of [EUR1,000] or equivalent in excess thereof up to and including [EUR99,000] or equivalent. No Notes in definitive form will be issued with a denomination above [EUR99,000] or equivalent.”]
 [“144A Global Certificates denominated in US dollars: US\$100,000 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. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. (i) Issue Date
- (ii) Interest Commencement Date:
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]
(N.B. Lower Tier 2 Notes must have an original minimum maturity of five years and one day)
9. Interest Basis: [[] % Fixed Rate]
[+/- [] % Floating Rate] [specify interest basis]
[CD Rate]
[CMT Rate]

- [Federal Funds Rate]
 [Eleventh District Cost of Funds Rate]
 [Prime Rate]
 [Treasury Rate]
 [Commercial Paper Rate]
 [EURIBOR]
 [LIBOR]
 [Dual Currency Interest]
 [Zero Coupon]
 [Index Linked Interest]
 [specify other]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency Redemption]
 [specify other]
(N.B. If the Final Redemption Amount is other than 100 % of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
11. Change of Interest Basis or Redemption/ Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
(N.B. Lower Tier 2 Notes cannot have a step-up in margin before 5 years)
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
13. Status of the Notes: [Senior/Subordinated/Lower Tier 2 Subordinated Notes]
14. Date of Board approval for the issuance of Notes obtained (if relevant) [●]
15. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [●]% per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear]
(If payable other than annually, consider amending Condition 5)
- (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): per Calculation Amount
 - (vi) Broken Amount(s): per Calculation Amount, payable on the Interest Payment Date falling [in/on]
 - (vii) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
 - (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) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/give details]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s):
 - (ii) Interest Commencement Date:
 - (iii) Interest Determination Date:
 - (iv) First Interest Payment Date:
 - (v) Specified Interest Payment Dates:
 - (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
 - (vii) Additional Business Center(s):
 - (viii) Manner in which the Rate of Interest and Interest Amounts is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
 - (ix) Party responsible for calculating the Rate of Interest and Interest Amounts (if not the Calculation Agent):
 - (x) Reference Rate Determination: [Yes/No]
 - Initial Interest Rate:
 - Index Maturity:
 - Interest Rate 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]
[Other]
(See Condition 5 for alternatives)

- Index Currency:
 - Spread: [+/-]% per annum
 - Spread Multiplier:
 - Interest Determination Date
 - Initial Interest Reset Date:
 - Initial Reset Period:
 - Initial Reset Dates:
 - (xi) ISDA Determination: [Yes/No]
 - Floating Rate Option:
 - Designated Maturity:
 - Reset Date:
 - (xii) Margin(s): [+/-] % per annum
 - (xiii) Minimum Rate of Interest: % per annum
 - (xiv) Maximum Rate of Interest: % per annum
 - (xv) Day Count Fraction: [Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360]
[30E/360]
[30E/360 (ISDA)]
[Other]
(See Condition 5 for alternatives)
 - (xvi) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
18. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: % per annum
 - (ii) Reference Price:

- (iii) Any other formula/basis of determining amount payable:
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(e)(ii) and (i) apply/specify other]
(Consider applicable day count fraction if not US dollar denominated)
19. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 % of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Fiscal Agent):
- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (v) Specified Period(s)/Specified Interest Payment Dates:
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vii) Additional Business Center(s):
- (viii) Minimum Rate of Interest: % per annum
- (ix) Maximum Rate of Interest: % per annum
- (x) Day Count Fraction:
20. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (If applicable include Specified Currency(ies))*
- (N.B. If the Final Redemption Amount is other than 100 % of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulations will apply.)*

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (ii) Party, if any, responsible for calculating the interest due (if not the Fiscal Agent or Exchange Rate Agent):
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *(If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (iv) Person at whose option Specified Currency(ies) is/are payable:
- (v) Notice period for specifying payment in Specified Currency(ies):

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs 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/specify other/see Appendix
- (iii) Party responsible for calculating Optional Redemption Amount (if not the Fiscal Agent or Exchange Rate Agent):
- (iv) Provisions where calculation of Option Redemption Amount impossible or impracticable:
- (v) For Dual Currency Redemption Notes, person at whose option Specified Currency(ies) is/are payable:
- (vi) If redeemable in part:
 - (a) Minimum Redemption Amount:
 - (b) Maximum Redemption Amount:
- (vii) Notice period (if other than as set out in the Conditions):

(N.B. If setting notice periods which are different to those

provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

22. Investor Put:

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs 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/specify other/see Appendix

(iii) Party responsible for calculating Optional Redemption Amount (if not the Fiscal Agent or Exchange Rate Agent):

(iv) Provisions where calculation of Option Redemption Amount impossible or impracticable:

(v) For Dual Currency Redemption Notes, person at whose option Specified Currency(ies) is/are payable:

(vi) Notice period (if other than as set out in the Conditions):

(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)

23. Final Redemption Amount of each Note:

per Calculation Amount/specify other/see Appendix

(N.B. If the Final Redemption Amount is other than 100 % of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulations will apply.)

(i) Index/formula/Specified Currency/other variable: [Not Applicable/give or annex details]

- (ii) Provisions for determining Final Redemption Amount where calculated by reference to index and/or formula and/or Specified Currency(ies) and/or other variable: [Not Applicable/*give or annex details*]
 - (iii) Party responsible for calculating Final Redemption Amount (if not the Fiscal Agent or Exchange Rate Agent): [●]
 - (iv) Provisions applicable where calculation of Final Redemption Amount impossible or impracticable: [●]
 - (v) For Dual Currency Redemption Notes, person at whose option Specified Currency(ies) is/are payable: [●]
 - (vi) Payment date (if other than as set out in the Conditions): [Not Applicable/*specify*]
 - (vii) Delivery date: [Not Applicable/*specify*]
24. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): [●] per Calculation Amount/*specify other/see Appendix*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. 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]
26. Additional Financial Center(s) or other special provisions relating to Payment Day: [Not Applicable/*give details*]
27. Other final terms: [Not Applicable/*give details including, as necessary, additional information with respect to Structured Notes*]
 [(When adding any other final terms consideration should be

given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)]

(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)

28. [For the purposes of Condition 12, notices to be published in the Financial Times (generally yes, but not for domestic Dutch issues):] [Yes/No]
29. Whether Condition 8(a) of the Notes applies (in which case Condition 7(b) of the Notes will not apply) or whether Condition 8(b) and Condition 7(b) of the Notes apply: [Condition 8(a) applies and Condition 7(b) does not apply/ Condition 8(b) and Condition 7(b) apply]

DISTRIBUTION

30. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]
- (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/*give name*]
31. If non-syndicated, name and address of relevant Manager: [Not Applicable/*specify name and address of Agent*]
32. Total commission and concession: [●]% of the Aggregate Nominal Amount
33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA not applicable.
34. Eligibility [Rule 144A only/Reg S only/Rule 144A and Reg S]
35. US Selling Restrictions: [144A/Reg S]
36. Additional selling restrictions: [Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and [admission to trading on [Euronext Amsterdam/*specify relevant regulated market and, if relevant, admission to an official list*] of the Notes described herein] pursuant to the Program for the issuance of Senior/Subordinated Medium Term Notes of ABN AMRO Bank N.V.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components]* has been extracted from *[specify source]*. 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 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 Amsterdam/ specify relevant regulated market and, if relevant, admission to an official list] with effect from [●].] [Not Applicable.]
2. **RATINGS**
- Ratings: The Notes to be issued have been rated:
- [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.]*
- (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.)*
3. **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. [In connection with the divestiture of certain assets and liabilities of ABN AMRO Bank Standalone (as required with the Legal Merger and integration of FBN and ABN Bank Standalone) ABN AMRO Bank has committed to continue to provide certain services to Deutsche Bank Nederland N.V., an affiliate of Deutsche Bank Securities, Inc. See “EC Remedy”.]– *Amend as appropriate if there are other interests]*
- [(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*” in the Base Prospectus.
4. **REASONS FOR THE OFFER; ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**
- (i) Reasons for the offer: [●]
- (See [“Use of Proceeds”] wording in Base Prospectus – if reasons for offer different from general funding purposes and/or making profit and/or hedging certain risks will need to include those reasons here.)]*

[(ii)] Estimated net proceeds
[Only include if reasons are set out in [(i)] above]
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses:
[Include breakdown of expenses]
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies [(i)] above is required where the reasons for the offer are different from general funding purposes and/or making profit and/or hedging certain risks and, where such reasons are inserted in [(i)], disclosure of net proceeds and total expenses at [(ii)] and [(iii)] above are also required.)

5. **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.

6. **PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index-Linked Interest Notes only*)

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing this paragraph, 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 Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

7. **PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes only)**

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[(When completing this paragraph, 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.)]

8. **OPERATIONAL INFORMATION**

- (i) CUSIP:
- (ii) ISIN Code:
- (iii) Common Code:
- (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 initial Paying Agent(s):
- (vii) Names and addresses of additional Paying Agent(s) (if any):
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]
 [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper, and registered in the name of a nominee of one of the ICSDs acting as Common Safekeeper and 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][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 NOTES

*The following are the Terms and Conditions of 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). The applicable Pricing Term Sheet or Final Terms in relation to any Tranche of 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 Notes. The applicable Pricing Term Sheet or Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Certificate and Definitive Note. 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 Note is one of a series of Notes issued by ABN AMRO Bank (in such capacity, the “**Issuer**”, which expression shall include any Substituted Debtor pursuant to Condition 15) pursuant to the Agency Agreement (as defined below). References herein to the “**Notes**” shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a Global Certificate, units of the lowest Specified Denomination in the Specified Currency, (ii) Definitive Notes issued in exchange for a Global Certificate and (iii) any Global Certificate. The Notes will be issued in accordance with a an Agency Agreement, dated as of 12 November 2010 (the “**Agency Agreement**”), among the Issuer, The Bank of New York Mellon, London Branch, as Fiscal Agent and transfer agent (“**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 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 Notes. Because the Notes will not be issued pursuant to an indenture, each Holder will be responsible for acting independently with respect to certain matters affecting such holder’s Notes, including enforcing any covenants contained therein, including covenants in connection with the Subordinated Notes, and responding to any requests for consents or waivers. The term “**Registered Note**” means a Note in registered form.

Any reference herein to “**Noteholders**” shall mean the several persons who are for the time being holders of outstanding Securities (being, the registered owners thereof as reflected in the relevant Registers), except that for so long as any of the 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 Securities (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 Securities 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 and the Fiscal Agent as a holder of such principal amount of such Notes for all purposes other than for the payment of principal, premium (if any) and interest on such Securities, the right to which shall be vested, as against ABN AMRO Bank 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 Notes**” and related expressions shall be construed accordingly);

The Final Terms for this 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 Note. References herein to the “**applicable Final Terms**” are to the Final Terms for

this Note. References herein to the “**applicable Pricing Term Sheet**” are to the Pricing Term Sheet for this Note.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of 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 Agency Agreement and the applicable Final Terms are available for viewing at the specified offices of each of the Fiscal Agent, the Registrars and the other Paying Agents and at and copies may be obtained from those offices. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are binding on them.

Words and expressions defined in the 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 Notes are issued in registered form without interest coupons attached and, in the case of Definitive Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the specified Form(s).

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest 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.

This Note may be an Index Linked Redemption Note, or a Dual Currency Redemption Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms and/or Pricing Term Sheet.

This Note may be a Senior Note or a Lower Tier 2 Subordinated Note as indicated in the applicable Final Terms and/or Pricing Term Sheet.

This Note may be a Structured Note.

The 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 Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction 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 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 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 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 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 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 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 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 Note will be issued to the transferee and, in the case of a transfer of part only of a Note, a new 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 Notes

(i) Exchange 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 by the Issuer in whole but not in part only at the option of the Registered Holder 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 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.

(ii) Transfers of Definitive Notes

Subject to paragraphs (iii), (iv) and (v) below, a Definitive Note may be transferred upon surrender of the Definitive 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 Notes represented by the surrendered Definitive Notes are the subject of the transfer, a new Definitive Note in respect of the balance of the Definitive Notes will be issued to the transferor.

(iii) Registration and delivery of Definitive Notes

Within five business days of the surrender of a Definitive 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 Note of a like principal amount to the Definitive 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 Note passes by registration as evidenced by entries in the applicable Register.

(iv) No charge

The transfer of a Definitive 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 Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Definitive Notes scheduled to the 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 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. Status and Subordination Terms relating to Subordinated Notes

(a) Status

Subordinated Notes constitute direct, unconditional, unsecured and 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 to rank lower than the Subordinated Notes), save for those expressed by their terms to rank in priority to the Subordinated Notes and those preferred by mandatory and/or overriding provisions of law (“**Senior Indebtedness**”). For the purposes of the regulatory capital requirements of DNB to which the Issuer is subject, Subordinated Notes will qualify as tier 2 capital, as specified in the applicable Final Terms and/or Pricing Term Sheet.

(b) Agreement to Subordinate

The Issuer, for itself, its successors and assigns, covenants and agrees, and each Noteholder of this Series of Subordinated Notes, by accepting the same, likewise covenants and agrees, that the payment of principal and interest payable in respect of any Series of Subordinated Notes is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all Senior Indebtedness.

(c) Distribution on Dissolution, Liquidation and Reorganization; Subrogation of the Subordinated Notes

In the event of any dissolution, winding up, liquidation or reorganization of the Issuer, or in the event that a competent court has declared that the Issuer requires emergency 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**”), whether in bankruptcy, insolvency, reorganization or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Issuer or otherwise (subject to the power of a court of competent jurisdiction to make other provision reflecting the rights conferred in these Terms and Conditions upon any Senior Indebtedness and the holders thereof with respect to the Subordinated Notes of this Series and the Noteholders thereof by a lawful plan or reorganization under applicable bankruptcy law), the claims of the Registered Holders of Subordinated Notes (the “**Subordinated Holders**”) against the Issuer shall be subordinated to (a) the claims of depositors (other than those whose deposits are expressed to rank equally to or lower than the Subordinated Notes) against the Issuer (b) all unsubordinated claims against the Issuer 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 Holder will, in the event of any dissolution, winding up, 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 Holder shall be excluded until, all obligations of the Issuer resulting from Senior Claims have been satisfied in full.

5. Interest

Notes may be interest-bearing or non interest-bearing, as specified in the Final Terms and/or Pricing Term Sheet. Interest-bearing Notes shall be Fixed Rate Notes, Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest 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 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 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 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 5(a):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Pricing Term Sheet or Final Terms:
 - (a) in the case of 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 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 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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Accrual Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Accrual Period, unless 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 Accrual Period, unless such number would be 31 and D₁ is greater than 29, 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 and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest 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 or Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Term Sheet 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 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 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 5(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 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.

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 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. 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 and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Term Sheet or Final Terms on the following basis:

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Pricing Term Sheet 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 Notes (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms; 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 Eurozone 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 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 5(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;
- (9) the Treasury Rate; or
- (10) such other Interest Basis or Bases or interest rate formula as may be specified in the applicable Pricing Term Sheet or Final Terms, as the case may be.

(C) Other Interest Rate Determinations

Unless otherwise specified in the applicable Pricing Term Sheet or Final Terms, as the case may be, the Calculation Agent shall determine each Interest Rate 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 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 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 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 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 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, 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, 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 or Final Terms, as the case may be, US dollars.

“**Designated LIBOR Page**” means the display on Reuters on page LIBOR01 or LIBOR02, as specified in the applicable Pricing Term Sheet or Final Terms (or any other page as may replace such page on such service), for the purpose of displaying the London interbank rates of major banks (which may include affiliates of the Distribution Agents) for the Designated LIBOR Currency.

“**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 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 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 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 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 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 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 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 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:

$$\text{Bond Equivalent Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

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 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, and the Calculation Agent, in the case of Index Linked Interest 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. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to in the case of Floating Rate Notes or Index Linked Interest Notes, the aggregate outstanding nominal amount of the 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 5(b):

- (a) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, 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, 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, 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, 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:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 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 Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (e) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the 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 Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless 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 Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (f) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the 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 Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” 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 D₁ will be 30; and

“D₂” 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 D₂ 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 or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 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 or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 12. 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 Noteholders and (in the absence as aforesaid) no liability to the Issuer or the 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 Dual Currency Notes and Foreign Currency Notes

In the case of Dual Currency Notes or Foreign Currency 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 or Final Terms.

(d) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such 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 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 Noteholders in accordance with Condition 12 or individually.

6. Payments

(a) Principal, Interest and Record Date

Payment of the principal of and any premium or interest on Notes, other than Dual Currency Notes or Foreign Currency 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 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 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 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 or Final Terms, as the case may be, payments of principal of and any premium and interest on Dual Currency Notes or Foreign Currency 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 Dual Currency Note or Foreign Currency 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 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 Dual Currency Notes or Foreign Currency 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 Dual Currency Note or Foreign Currency Notes by deductions from such payments.

Unless otherwise specified in the applicable Pricing Term Sheet or Final Terms, as the case may be, a holder of a Dual Currency Note or Foreign Currency Notes may elect to receive payment of the principal of and any premium and interest on such 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 Dual Currency Note or Foreign Currency 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 Dual Currency Notes or Foreign Currency 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 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 Dual Currency Note or Foreign Currency 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 Dual Currency Notes or Foreign Currency 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 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 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 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 or Final Terms), “**Payment Day**” means any day which (subject to Condition 6) 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 in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) 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 Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

7. Redemption and Purchase

(a) Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption 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.

(b) Redemption for Tax Reasons

Unless otherwise specified in the applicable Pricing Term Sheet or Final Terms, Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes), on giving not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable) if, on the occasion of the next payment due under the Notes, the Issuer has or will become obliged by requirement of law to pay additional amounts as provided

or referred to in Condition 8 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 becomes effective on or after the Issue Date of the first Tranche of the 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 Notes were a payment in respect of the 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 8(a) shall not prevent the Issuer from giving such notice.

Each Note redeemed pursuant to this Condition 7(b) will be redeemed at its Early Redemption Amount referred to in paragraph (e) 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 or Final Terms, the Issuer may, subject as provided in paragraph (e) below and having given:

- (i) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12; 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 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 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 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 or Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by Definitive 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 Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 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 Noteholders in accordance with Condition 12 at least 5 days prior to the Selection Date.

If Notes are to be redeemed in part only on any date in accordance with this paragraph (c), then:

- (i) if the 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 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 Note shall be redeemed in part in the

proportion which the aggregate nominal amount of the outstanding Notes to be redeemed on the date fixed for such redemption bears to the aggregate nominal amount of outstanding Notes on such date.

(d) Redemption of Notes at the Option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Pricing Term Sheet or Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 12 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (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, in whole (but not in part), such 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 Note its holder must, if this 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 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 Note the holder of this 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) Redemption for regulatory purposes of Tier 2 Notes

The applicable Final Terms in respect of Subordinated Notes which qualify as tier 2 capital ("**Tier 2 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 with the prior consent of the Dutch Central Bank ("**De Nederlandsche Bank N.V.**") and upon giving not less than 30 nor more than 60 days' irrevocable notice, in the event that De Nederlandsche Bank N.V. has issued rules or regulations as a result of which the whole or at least the minimum percentage of the outstanding nominal amount of the Notes as specified in the applicable Final Terms, ceases, or will cease, to qualify as Tier 2 capital of the Issuer for the purposes of the regulatory capital requirements to which it is subject (other than in accordance with the rules or regulations of De Nederlandsche Bank N.V. in force on the issue date of the relevant Notes) or has otherwise 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, ceases, or will cease, to qualify as Tier 2 capital of the Issuer for the purposes of such regulatory capital requirements (other than in accordance with the rules or regulations of De Nederlandsche Bank N.V. in force on the issue date of the relevant Notes). The applicable Final Terms may provide that Notes may be repayable in two or more installments of such amounts and on such dates as indicated in it.

(f) Early Redemption Amounts

For the purpose of paragraphs (b), (c), (d), and (e) above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a 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; and

- (B) the sum of the figure 1 and the Accrual Yield, 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 Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the Pricing Term Sheet or applicable Final Terms and/or Pricing Term Sheet; and
- (iii) 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), (d), and (e) above may only be effected after the Issuer has obtained the written consent of DNB and, where applicable, the European Commission.

(g) Purchases

The Issuer or any of its subsidiaries may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(h) Cancellation

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (g) above shall be forwarded to the Agent and cannot be re-issued or resold.

(i) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (f)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders, in accordance with Condition 12.

8. Taxation

All payments of principal and interest in respect of the 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 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 Notes and shall not pay any additional amounts to the holders of the Notes; or
- (b) 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; except that no such additional amounts shall be payable with respect to any Note:

- (i) presented for payment by or on behalf of a Noteholder who is liable for such taxes or duties in respect of such Note by reason of his having some connection with The Netherlands other than the mere holding of such Note, or the receipt of principal or interest in respect thereof; or
- (ii) presented for payment by or on behalf of a 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 Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant 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 6(b)); 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.

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 Noteholders in accordance with Condition 12.

9. Events of Default

If (in the case of an issue of Senior Notes) any one or more of the following events or (in the case of an issue of Subordinated Notes, either or both of the events specified in (iii) and (iv)) (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 Notes of the relevant series; or
- (iii) the Issuer fails to perform or observe or comply with any of its other obligations under the Notes and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iv) the Issuer is declared bankrupt, or in the event that a competent court has declared an emergency regulation (*noodregeling*) in respect of the Issuer in the interests of all creditors, as referred to in Chapter 3.5.5 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 Notes,

then any 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 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 7(f)), 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 will only be effected after the Issuer has obtained prior written consent of DNB.

10. Replacement of Notes

Should any 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 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 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 6(a). 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 Noteholders in accordance with Condition 12.

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 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 Agency Agreement contains provisions for sanctioning by Noteholder consent of a modification of the Notes or certain provisions of the Agency Agreement. The Agent and the Issuer may agree, without the consent of the Noteholders, to:

- (a) any modification of the Agency Agreement which is in the Issuer's opinion not materially prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes or the 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 Securities of this Agreement may be made only with the consent of the Holders. The Issuer and the Fiscal Agent, if applicable, may amend the Securities or this Agreement with the written consent of the Holders of at least a majority in principal amount of the Securities then outstanding voting as a single class (including consent obtained in connection with a tender offer or exchange of the Securities); provided however that without the consent of 100% of the then outstanding aggregate principal amount of the Securities, no amendment may:

- (a) Reduce the amount of Securities whose holders must consent to an amendment;
- (b) Reduce the rate of or extend the time for payment of interest on any Security;
- (c) Reduce the principal or extend the Stated Maturity Date of any Security;
- (d) Reduce the premium or amount payable upon the redemption of any Security or change the time at which any Security may be redeemed in accordance with its terms;
- (e) Make any Security payable in currency other than that stated in such Security;
- (f) Expressly subordinate any Security to any other indebtedness of the Issuer save as permitted in accordance with its terms.
- (g) Impair the right of any Holder to receive payment of principal, premium, if any, and interest on such Holder's Securities 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 Securities;
- (h) Make any amendment to the Events of Default as described in the Conditions;

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.

14. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the 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 Notes.

15. Substitution of the Issuer

- (a) The Issuer may, with the consent of the Noteholders which will be deemed to have been given in respect of each Tranche of Notes on which no payment of principal of or interest on any of the Notes is in default and after written approval of DNB (such approval being necessary in respect of any Subordinated Notes only), 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 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 Noteholder to be bound by the Terms and Conditions of the Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, and the Agency Agreement as the principal debtor in respect of the 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 Noteholder the payment of all sums (including any additional amounts payable pursuant to Condition 8) payable in respect of the 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 Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 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 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 Noteholder by any political sub-division or taxing authority of any country in which such 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 Noteholder;
 - (iv) each stock exchange which has Notes listed thereon or the relevant competent authority relating thereto shall have confirmed that following the proposed substitution of the Substituted Debtor such 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 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 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).
- (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 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 Noteholder, except as provided in Condition 15(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the 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 4.
- (d) With respect to Subordinated Notes, the Issuer shall be entitled, after written approval of DNB, and by notice to the Noteholders given in accordance with Condition 12, 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 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 Notes as the principal debtor in place of the Issuer and the 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 Notes save that any claims under the Notes prior to release shall ensure for the benefit of Noteholders.

- (f) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Notes remain outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder in relation to the 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 Noteholder to the production of the Documents for the enforcement of any of the 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 Noteholders in accordance with Condition 12.

16. Governing Law and Jurisdiction

(a) Governing Law

The Notes and the Agency Agreement shall be governed by and construed and interpreted in accordance with the law of the State of New York, without reference to conflicts of laws principles, except that the ranking of the Notes and the provisions relating to subordination set forth in the Notes (including the Conditions) and the Agency Agreement shall be governed, 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 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 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 Notes.

The Issuer hereby irrevocably designates, appoints and empowers ABN AMRO Funding USA LLC, with offices currently at 100 Park Avenue, 17th Floor, New York, NY 10017, United States of America, Attention: Manager, 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 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 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 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.

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 master Terms and Conditions as set out in full in this Base Prospectus in the section headed “Terms and Conditions of the 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 Term Sheet or Final Terms, the Exchange Rate Agent the relevant Issuer appoints and identifies in the applicable Pricing Term Sheet or Final Terms will arrange for the conversion of US dollars into the Specified Currency on behalf of any purchaser of 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

General

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

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

This summary does not address The Netherlands tax consequences for:

- (i) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), whether directly and/or indirectly as (deemed) settlor, grantor or similar originator (the **Settlor**) or upon the death of the Settlor, his/her beneficiaries (the **Beneficiaries**) in proportion to their entitlement to the estate of the Settlor of a trust, foundation or similar arrangement (the **Separated Private Assets**), holds (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

Withholding tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

Corporate and individual income tax

(a) Residents of The Netherlands

If a holder is a resident or deemed to be a resident of The Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realized upon the redemption, settlement or disposal of the Notes are generally taxable in The Netherlands (at up to a maximum rate of 25.5%¹).

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

¹ From 1 January 2011, it is expected that the rates will be 20% over profits up to EUR 200,000 and 25% over profits from EUR 200,000.

- (i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include (i) the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (ii) if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a **Lucrative Interest**) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person), whether within or outside an employment relation, where such Lucrative Interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services, or (iii) where such person is an individual, together with his or her partner (statutory defined term), whether directly and/or indirectly as Settlor or upon the death of the Settlor, the Beneficiaries in proportion to their entitlement to the Separated Private Assets, (a) has indirectly the disposition of the proceeds of the Notes or (b) has a substantial interest in a entity that legally or de facto, directly or indirectly, has the disposition of the proceeds of the Notes.

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realized. This deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a tax-free amount. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two.² The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

(b) Non-residents of The Netherlands

If a holder is not a resident nor is deemed to be a resident of The Netherlands for Netherlands tax purposes (or has not opted to be taxed as a resident of The Netherlands), such holder is not taxable in respect of income derived from the Notes and gains realized upon the settlement, redemption or disposal of the Notes, unless:

- (i) the holder is not an individual and such holder (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in The Netherlands (other than by way of securities) and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25.5%.³

- (ii) the holder is an individual and such holder (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realizes income or gains with respect to the Notes that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in The Netherlands, which activities include (i) the performance of activities in The Netherlands with respect to the Notes which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (ii) if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt

² From 1 January 2011, the deemed income will amount to 4% of the individual's yield basis, determined per the beginning of the calendar year (minus a tax-free amount).

³ From 1 January 2011, it is expected that the rates will be 20% over profits up to EUR 200,000 and 25% over profits from EUR 200,000.

claims or other rights (together, a “**Lucrative Interest**”) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in The Netherlands, whether within or outside an employment relation, where such Lucrative Interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services, or (iii) where such person is an individual, together with his or her partner (statutory defined term), whether directly and/or indirectly as Settlor or upon the death of the Settlor, the Beneficiaries in proportion to their entitlement to the Separated Private Assets, has indirectly the disposition of the proceeds of the Notes in The Netherlands, or (3) is entitled to a share in the profits of an enterprise which is effectively managed in The Netherlands (other than by way of securities) and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at up to a maximum rate of 52%. Income derived from a share in the profits as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under “*Residents of The Netherlands*”). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual’s Netherlands yield basis.

Gift and inheritance tax

For the purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to be made at the moment such condition precedent is satisfied.

For gift and inheritance tax purposes, (i) a gift by a third party such as a trustee, foundation or similar entity or arrangement, will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule, his/her Beneficiaries, will be deemed to have inherited directly from the Settlor. Subsequently, the Beneficiaries will be deemed the Settlor of the Separated Private Assets for purposes of The Netherlands gift and inheritance tax in case of subsequent gifts or inheritances.

(a) Residents of The Netherlands

Generally, gift and inheritance tax will be due in The Netherlands in respect of the acquisition of the Notes by way of a gift by, or on the death of, a holder that is a resident or deemed to be a resident of The Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

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

(b) Non-residents of The Netherlands

No gift or inheritance taxes will arise in The Netherlands in respect of the acquisition of the Notes by way of a gift by, or as a result of, the death of a holder that is neither a resident nor deemed to be a resident of The Netherlands for the purposes of Netherlands gift and inheritance tax, unless in the case of a gift of the Notes by a holder who at the date of the gift was neither a resident nor deemed to be a resident of The Netherlands, such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of The Netherlands.

Value added tax

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

Other taxes and duties

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

EU savings directive

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

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

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, Subordinated Notes or Index Linked Redemption Notes. The United States federal income tax consequences of owning Subordinated Notes or Notes that are due to mature more than 30 years from their date of issue will be discussed in the applicable Final Terms. 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.

There may be further discussion of the US federal income tax treatment of Notes in the Final Terms for each Series of 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 must consider any supplemental tax disclosure on the treatment of particular Notes set forth in the Final Terms with respect to such Notes and 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 and Indexed Linked Interest 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 and Index Linked Interest 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 and Indexed Interest 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 and Indexed Interest Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. In certain cases, Floating Rate Notes and Indexed Interest 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 US Internal Revenue Service ("**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 first taxable year for interest accrued through that date). If accrued interest actually is received within five business days of the last day of the accrual period (or the taxable year, in the case of a partial 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.

Dual currency notes

The principles governing Contingent Debt Obligations generally apply to Dual Currency Notes in the predominant currency of the Notes. If the predominant currency is the US Holder's functional currency, the regulations governing Contingent Debt Obligations apply. Payments denominated in a currency other than the predominant currency are treated as contingent payments.

Optional redemption

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) 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 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.

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.

Recently enacted legislation requires certain US Holders to report information with respect to their investment in Notes not held through an account with a domestic 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 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 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 five 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 exemptions are: (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 “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 will not constitute 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 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.

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. Notwithstanding the foregoing, 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 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.

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. 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 the course of their various 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, and such investment and securities activities may involve securities and/or instruments of the issuer and/or its affiliates. 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 instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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. Certain of the Agents or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, commercial lending and financial advisory services to ABN AMRO Bank and its affiliates for which they received or will receive customary fees and expenses.

In connection with the divestiture of certain assets and liabilities of ABN AMRO Bank Standalone (as required in connection with the Legal Merger and integration of FBN and ABN AMRO Bank Standalone), ABN AMRO Bank has committed to continue to provide certain services to Deutsche Bank Nederland N.V., an affiliate of Deutsche Bank Securities Inc. See “*EC Remedy*”.

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(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 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\$100,000 (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)).

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:

1. in relation to each Relevant Member State, with effect from and including the date on which the Prospective Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), it has not made and will not make an offer of Notes 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 Notes to the public in that Relevant Member State:
 - (a) at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
 - (b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

- (c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Agent or Agents nominated by the Issuer for any such offer; or
- (d) 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 (a) 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 this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

2. The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the 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” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.
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 (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, it 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. 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 an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA would apply to the Issuer if the Issuer was not an authorised 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 the Notes in, from or otherwise involving the United Kingdom.
7. 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.

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*”.

ABN AMRO Bank is not a registered broker-dealer in the United States. Accordingly, ABN AMRO Bank will effect sales of any Notes to be purchased by it outside the United States in accordance with Regulation S.

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 their United States and Dutch counsel, Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS and Strawinskylaan 10, 1077 XZ Amsterdam, The Netherlands. 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, Clifford Chance LLP, Droogbak 1A, 1013 GE 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 Private Placement Agreement, the Agency Agreement and the Notes.

Corporate information

ABN AMRO Bank N.V. was incorporated on 9 April 2009 by ABN AMRO Holding (renamed RBS Holdings N.V.). ABN AMRO Bank is a private limited 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 is registered with the Trade Register of the Chambers of Commerce under number 34334259.

At 31 December 2009 the shares in the share capital of ABN AMRO Bank were held by ABN AMRO Holding. The shares in the share capital of ABN AMRO Bank were transferred by ABN AMRO Holding to ABN AMRO Group on the date of the Legal Separation. ABN AMRO Bank was incorporated for the purpose of acquiring businesses of the former ABN AMRO group which were allocated to the Dutch State and carrying out banking activities as defined in the articles of association.

Major Shareholder and change of control

As at the date of the Legal Demerger (6 February 2010), ABN AMRO Holding was the sole shareholder of ABN AMRO Standalone.

As from the Legal Separation (1 April 2010), the shares of ABN AMRO Bank Standalone have been transferred from ABN AMRO Holding to a new holding company fully owned by the Dutch State, named ABN AMRO Group, and independent of ABN AMRO Holding.

The Dutch State is not involved in the day-to-day management of ABN AMRO Bank.

Listing

Application has been made to Euronext 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 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 Certificate of Incorporation and 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 the Issuer and the most recently available unaudited interim financial statements of the Issuer;
- (iv) the Agency Agreement (which contains the forms of the Notes);
- (v) a copy of this Base Prospectus; and
- (vi) 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 Ruijter 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 of the Notes.

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

Other than as disclosed herein under the captions "*Recent Development*", "*Legal Demerger, Separation Process and Legal Merger*" and "*Fortis Bank (Nederland) N.V. Integration*", there has been no significant change in the financial or trading position of the Issuer since its incorporation and there has been no material adverse change in the prospects of the Issuer since its incorporation.

Independent Auditors

The financial statements of ABN AMRO Bank Standalone for the financial year ending 31 December 2009 and the pro forma financial statements of ABN AMRO Bank Standalone for the financial year ending 31 December 2009 have been audited without qualification by Deloitte, independent chartered accountants (*registeraccountants*), as stated in their reports thereon incorporated by reference herein. Deloitte is located at Orlyplein 10, Post Office Box 58110, 1040 HC Amsterdam, The Netherlands. The individual auditors of Deloitte are members of the Royal NIVRA (*Koninklijk Nederlands instituut voor registeraccountants*). Deloitte 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.

The consolidated financial statements of Fortis Bank (Nederland) N.V. as at and for the year ending 31 December 2009 and the consolidated financial statements of Fortis Bank Nederland (Holding) N.V. as at and for the year ended 31 December 2008 have been audited, and the condensed consolidated interim financial statements of ABN AMRO Group N.V. as at and for the six-month period ended 30 June 2010 have been reviewed, by KPMG Accountants N.V. ("KPMG"), independent chartered accountants (*registeraccountants*), as stated in their reports thereon incorporated by reference herein. KPMG's address is P.O. Box 74500, 1070 DB Amstelveen, The Netherlands. The individual auditors of KPMG are members of NIVRA. KPMG has given, and has not withdrawn, its consent to the inclusion of its reports in this Base Prospectus in the form and context in which they are included. As the offered Notes have not been and will not be registered under the Securities Act of 1933, KPMG has not filed any 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 the Terms and Conditions of the Notes, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer.

Legal and arbitration proceedings

The Issuer has received summons dated 1 October 2010 filed by a number of holders of the MCS issued on 7 December 2007 by Fortis Holdings, Fortis Bank SA/NV and FBN. The MCS mandatorily convert into shares to be issued by Fortis Holdings on 7 December 2010. In the summons these MCS holders argue that the general meeting of the MCS holders has the power to unilaterally postpone the maturity date and to modify certain terms of the conversion of the MCS. If the maturity were to be postponed, the Issuer may be forced to continue paying interest on the MCS. Moreover, DNB may decide to reassess the MCS’ current status if the prevailing terms and conditions were to be changed unilaterally, which could impact the ABN AMRO Bank’s capital base and, indirectly, the total amount of funding costs for ABN AMRO Bank.

However, ABN AMRO Bank is of the opinion that the transaction documentation does not provide for such a power to modify unilaterally the terms and conditions of the MCS and is confident about the positive outcome of the legal proceedings.

On Thursday, 25 June 2009, the court in Amsterdam delivered a judgment in the summary hearing brought by FCC, a wholly-owned subsidiary of FBN, against Fortis Holdings. At this summary hearing it was questioned who should pay the cash settlement of a large portion (valued at EUR 362,511,000) of the preference shares issued by FCC in 1999. The court ruled in favor of FCC and ordered the Fortis Holdings to pay EUR 362,511,000 by 29 June 2009 at the latest. The court rejected the Fortis Holdings’ counterclaim for compensation, as well as their claim for compensation against FBN. The Fortis Holdings have initiated court proceedings against FCC and FBN claiming compensation for the amount paid on 29 June 2009. These proceedings are pending. FCC and the Issuer continue to hold the opinion that the Fortis Holdings are not entitled to any compensation.

Great Wheel Beteiligungs GmbH & Co. KG (Global VIEW Fund) raised EUR 208 million capital from approximately 10,000 private investors in 2006/2007. The arranger of the fund is DBM Fonds Invest GmbH, which is an indirect subsidiary of ABN AMRO Bank. Currently all equity raised has been invested in three projects (Beijing, Berlin, Orlando). The investors in this fund have taken a substantial entrepreneurial project development risk which has materialized now and as a consequence they will have to write off most of their investment. The Managing Board of ABN AMRO Bank Standalone decided in March 2010 to make an offering to the investors to sell their participations to an SPV fully owned by the Issuer. The offer expired on 23 April 2010, with 90% of the investors accepting the offer. ABN AMRO Bank Standalone took a provision of EUR 50 million in the fourth quarter of 2009, and raised this provision by EUR 45 million to EUR 95 million in the first quarter of 2010 to cover for potential losses as a result hereof. The provision decreased significantly in the second quarter of 2010 due to payments made to investors that have accepted the offer.

In addition, ABN AMRO Bank is involved in a number of governmental, legal and arbitration proceedings in the ordinary course of its business in a number of jurisdictions. However, on the basis of information currently available, and having taken legal counsel with advisors, ABN AMRO Bank 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 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 consolidated financial position or consolidated profitability of the Issuer and/or its subsidiaries other than as set out above in this section.

“**Fortis Holdings**” means Ageas SA/NV and Ageas N.V. together.

“**Group Interim Financial Information**” refers to the ABN AMRO Group reviewed condensed consolidated semi-annual financial statements for the six month period ended 30 June 2010 included in this Base Prospectus.

“**Legal Demerger**” refers to the legal demerger (*juridische afsplitsing*) 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 the former ABN AMRO Group from the RBS Group- acquired businesses of the former ABN AMRO Group.

“**Legal Merger**” refers to the legal merger effectuated on 1 July 2010 between ABN AMRO Bank Standalone and FBN into a combined bank operating under the name ABN AMRO Bank N.V., following which ABN AMRO Bank Standalone was the surviving entity (*verkrijgende vennootschap*) and FBN was the disappearing entity (*verdwijnende vennootschap*).

“**Legal Separation**” refers to the transfer of the shares in the share capital of ABN AMRO Bank Standalone by ABN AMRO Holding (renamed RBS Holdings N.V.) to ABN AMRO Group, effective 1 April 2010.

“**MCS**” refers to the Mandatory Convertible Securities issued in connection with the acquisition of the Former ABN AMRO Group by Fortis Holdings with a nominal amount of EUR 2 billion, paying a semi-annual coupon, in arrears, at an annual rate of 8.75%, and constituting joint and several unsecured and subordinated obligations of ABN AMRO Bank N.V., BNP Paribas Fortis (former Fortis Bank SA/NV) and Ageas SA/NV and Ageas N.V. (previously named Fortis SA/NV and Fortis N.V., respectively).

“**RBS N.V.**” refers to the former ABN AMRO Bank N.V., which was renamed “**The Royal Bank of Scotland N.V.**” after the Legal Demerger and which contains the former ABN AMRO Group businesses acquired by RBS Group.

“**Shared Assets**” refers to certain assets and liabilities that have not yet been allocated among the members of the Consortium, in which the Dutch State acquired a 33% interest from Fortis in addition to its acquisition of the Dutch State Acquired Businesses.

“**Standalone Harmonized Financial Information 2010**” means (a) the unaudited non-consolidated semi-annual financial statements of FBN for the six month period ended 30 June 2010 and (b) the unaudited non-consolidated semi-annual financial statements of ABN AMRO Bank Standalone for the six month period ended 30 June 2010.

“**Standalone Non-Harmonized Financial Information 2009/2008**” means (a) the audited consolidated financial statements of FBN for the financial years ended 31 December 2009 and 31 December 2008 and (b) the audited annual financial statements of ABN AMRO Bank N.V. for the financial year started 9 April 2009 and ended 31 December 2009 as it existed during these periods and the audited pro forma financial information for the financial year ended 31 December 2009 of ABN AMRO Bank Standalone as it existed during this period (as included in the 2009 ABN AMRO Bank Standalone Annual Review).

“**Standalone Financial Information**” means the Standalone Harmonized Financial Information 2010 and the Standalone Non-harmonized Financial Information 2009/2008 together.

Abbreviations

AFM	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)
AFS	Available-for-sale
ATM	Automated teller machine
BIS	Bank for International Settlements
bp	Basis point
BU(s)	Business Unit(s)
CAD	(the EU's) Capital Adequacy Directive
CDS	Credit default swap
CRD	(the EU's) Capital Requirements Directive
CWC	(Dutch) Central Works Council
DNB	De Nederlandsche Bank N.V. (Dutch Central Bank)
DNO	Declaration of no-objection
EBITDA	Earnings before interest, taxes, depreciation and amortization
ECM	Equity Capital Markets
ESC	European Staff Council
EU	European Union
EUR	Euro
DTC	The Depository Trust Company
FTE	Full-time equivalent (a measurement of number of staff)
FX	Foreign exchange
GAAP	General Accepted Accounting Principles
GBP	Great Britain pound
GRM	Group Risk Management
HR	Human Resources
HTM	Held-to-maturity
IAS	International Accounting Standards
IBNI	Incurred-but-not-identified
ID&JG	International Diamond & Jewelry Group
IFRIC	IASB International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IP	Internet Protocol
IT	Information Technology
LIBOR	London Interbank Offered Rate
M&A	Mergers & Acquisitions
MD	Managing director
MiFID	(the EU's) Markets in Financial Instruments Directive
NSS	New Safekeeping Structure
OECD	Organization for Economic Cooperation and Development
OFAC	(US) Office of Foreign Assets Control
OTC	Over-the-counter
PE	Private Equity
ROE	Return on equity
RWA	Risk-weighted assets
SEC	(US) Securities and Exchange Commission
SEPA	Single Euro Payments Area
SMEs	Small to medium-sized enterprises
SPE	Special purpose entity
TRS	Total return to shareholders
USD	US dollar

GROUP INTERIM FINANCIAL INFORMATION

The information presented herein is extracted without material amendment from the reviewed consolidated semi-annual financial statements for the six month period ended 30 June 2010 contained in the ABN AMRO Group N.V. interim financial report 2010 (referred to elsewhere in this Base Prospectus as the “Group Interim Financial Information”).

As described in “*Presentation of Financial Information*”, the Group Interim Financial Information comprises the first consolidated interim financial statements prepared by ABN AMRO Group N.V. consolidating the businesses of ABN AMRO Bank and FBN for the six month period ended 30 June 2010.

KPMG have reviewed the Group Interim Financial Information and have issued a review report in accordance with Dutch law including standard 2410, “Review of Interim Financial Information Performed by the Auditor of the Entity”, dated 25 August 2010 in relation thereto.

The Group Interim Financial Information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements as part of the 2009 ABN AMRO Bank Standalone Annual Review and as part of the 2009 FBN Annual Report as at 31 December 2009.

Investors should read carefully the risks relating to the Issuer’s presentation of financial information in the section entitled “*Risk Factors*” (in particular the risk factors relating to the presentation of and comparability among the financial information included or incorporated by reference in this Base Prospectus beginning on page 17).

Condensed Consolidated Income Statement

	Note	First half year 2010	First half year 2009 (unreviewed)
<i>(in millions)</i>			
Income			
Interest income		6,545	8,173
Interest expenses		(4,109)	(5,993)
Net interest income	3	<u>2,436</u>	<u>2,180</u>
Fee and commission income		1,335	1,123
Fee and commission expenses		(400)	(164)
Net fee and commission income	4	<u>935</u>	<u>959</u>
Net trading income	5	121	49
Results from financial transactions		17	128
Share of result in equity accounted investments		21	43
Other income	6	(693)	486
Operating income		<u>2,837</u>	<u>3,845</u>
Expenses			
Personnel expenses	7	(1,611)	(1,292)
General and administrative expenses	8	(1,520)	(1,076)
Depreciation and amortisation of tangible and intangible assets	9	(259)	(182)
Operating expenses		<u>(3,390)</u>	<u>(2,550)</u>
Loan impairment	16	(348)	(772)
Total expenses		<u>(3,738)</u>	<u>(3,322)</u>
Profit / (loss) before taxation		(901)	523
Income tax expenses	10	(67)	(103)
Profit / (loss) for the period		<u>(968)</u>	<u>420</u>
Attributable to:			
Non-controlling interests		2	4
Owners of the parent		(970)	416

The notes to the condensed interim financial statements are an integral part of these statements.

Condensed consolidated statement of comprehensive income

	First half year 2010	First half year 2009 (unreviewed)
	<i>(in millions)</i>	
Profit / (loss) for the period	(968)	420
Other comprehensive income:		
Currency translation account	62	5
Available for sale financial assets	32	54
Cash Flow hedging reserves	(255)	(138)
Other comprehensive income / (expense) for the period after taxation	(161)	(79)
Total comprehensive income / (expense) for the period after taxation	<u>(1,129)</u>	<u>341</u>
Total comprehensive income attributable to:		
Owners of the parent	(1,131)	331
Non controlling interests	2	10

The notes to the condensed interim financial statements are an integral part of these statements.

Condensed consolidated statement of financial position

	Note	30 June 2010	31 December 2009
<i>(in millions)</i>			
Assets			
Cash and cash equivalents.. .. .	11	22,485	4,368
Financial assets held for trading	12	22,072	20,342
Financial investments	13	19,521	20,763
Loans and receivables banks	14	43,890	46,485
Loans and receivables customers	15	279,259	279,306
Equity accounted investments.. .. .		1,112	975
Property and equipment		1,813	1,937
Goodwill and other intangible assets	17	475	472
Accrued income and prepaid expenses		3,500	3,532
Tax assets	18	1,230	1,036
Other assets		9,394	7,300
Total assets		404,751	386,516
Liabilities			
Financial liabilities held for trading	12	27,384	26,951
Due to banks	19	46,732	43,095
Due to customers	20	211,679	205,040
Issued debt	21	79,422	70,837
Subordinated liabilities	22	9,102	11,747
Provisions	23	2,127	1,328
Accrued interest and deferred income		5,747	5,980
Tax liabilities	18	613	453
Other liabilities	24	10,560	12,087
Total liabilities		393,366	377,518
Share capital		940	
Share premium		11,400	
Other reserves (incl. retained earnings/result for the period)		(145)	9,650
Other components of equity		(1,035)	(874)
<i>Equity attributable to shareholders of the parent company</i>	25	11,160	8,776
Non-controlling interests		225	222
Total equity		11,385	8,998
Total liabilities and equity		404,751	386,516
Guarantees and other commitments	27	27,518	30,583
Committed credit facilities		183,924	190,703

The notes to the condensed interim financial statements are an integral part of these statements.

Condensed consolidated statement of changes in equity

	Share capital	Share premium	Other reserves including retained earnings	Currency translation reserve	Available for sale reserve	Cash flow hedges reserve	Net profit attributable to shareholders	Total	Non-controlling interests	Total equity
<i>(in millions)</i>										
Balance at 1 January 2009 (unreviewed)			29,164	(6)	(110)	(789)	(18,486)	9,773	290	10,063
Total comprehensive income				5	54	(144)	416	331	10	341
Transfer			(18,486)				18,486			
Dividend										
Increase of capital										
Other changes in equity			(130)					(130)	2	(128)
Balance at 30 June 2009 (unreviewed)			10,548	(1)	(56)	(933)	416	9,974	302	10,276
Balance at 1 January 2010	0 ⁴		9,356	(19)	108	(963)	294	8,776	222	8,998
Total comprehensive income				62	32	(255)	(970)	(1,131)	2	(1,129)
Transfer			294				(294)			
Dividend										
Increase of capital	940	11,400	(9,068)					3,272		3,272
Other changes in equity			243					243	1	244
Balance at 30 June 2010	940	11,400	825	43	140	(1,218)	(970)	11,160	225	11,385

The notes to the condensed interim financial statements are an integral part of these statements.

During the reporting period, issued and paid-up share capital of ABN AMRO Group N.V. increased by EUR 940 million, following the issuance of new shares as at 1 April 2010. Payment on the shares was fully effected through a contribution in kind by the Dutch State.

The shares in ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. were transferred into ABN AMRO Group N.V. on 1 April 2010. Mainly as a result of the transfer, share premium reserves increased by EUR 11.4 billion. The net asset value of both banks amounting to EUR 9.1 billion has been transferred by the Dutch State to ABN AMRO Group N.V. as a share premium contribution on the shares issued by ABN AMRO Group N.V. (EUR 8.2 billion) plus a contribution on ordinary shares issued (EUR 0.9 billion). This is also reflected by EUR -9.1 billion movement in other reserves. Due to the conversion of the EUR 2.6 billion Mandatory Convertible Securities the share premium reserve increased EUR 2.7 billion (of which EUR 0.1 billion relates to capitalised interest). The remaining increase of the share premium reserve is attributable to the completion of the capitalisation of ABN AMRO Bank N.V. by the Dutch State (EUR 0.5 billion) in accordance with the letter to Parliament of 19 November 2009 and a settlement related to the separation of ABN AMRO Bank N.V. from RBS.

Other changes in equity are mainly related to the separation of ABN AMRO Bank N.V.

Cash flow hedges reserves decreased by EUR 255 million reflecting the unfavourable fair value movements of cash flow hedging derivatives in line with developments in interest rate markets.

Transfers include the allocation of the profit / (loss) of the prior period to the other reserves.

⁴ The share capital at 1 January 2010 amounted EUR 0.1 million.

Condensed consolidated statement of cash flows

	First half year 2010	First half year 2009 (unreviewed)
	<i>(in millions)</i>	
Profit / (loss) before taxation	(901)	523
Adjustments on non-cash items included in profit before taxation:		
(Un)realised gains (losses)	965	77
Share of profits in associates and joint ventures	(21)	(43)
Depreciation, amortisation and accretion	161	159
Provisions and impairments	838	771
Changes in operating assets and liabilities:		
Assets and liabilities held for trading	(1,900)	982
Loans and receivables banks	2,062	(13,652)
Loans and receivables customers	(10,343)	(20,460)
Other receivables	(1,474)	462
Due to banks	5,341	13,786
Due to customers	14,269	10,483
Net changes in all other operational assets and liabilities.. .. .	(625)	859
Income tax paid	(120)	(161)
Cash flow from operating activities	<u>8,252</u>	<u>(6,214)</u>
Investment activities within the group		
Purchases of investments	(6,405)	(6,355)
Proceeds from sales and redemptions of investments	8,596	3,563
Investments in associates and joint ventures	(157)	(7)
Purchases of property and equipment	(58)	(96)
Proceeds from sales of property and equipment	46	57
Divestments of subsidiaries (net of cash sold), associates and joint ventures	56	12
Purchases of intangible assets.. .. .	(7)	(51)
Other changes	142	(15)
Cash flow from investing activities	<u>2,213</u>	<u>(2,892)</u>
Proceeds from the issuance of debt certificates	23,021	15,972
Repayment of debt certificates	(15,854)	(4,176)
Repayment of subordinated liabilities	(331)	(1,611)
Proceeds from the issuance of shares	490	
Cash flow from financing activities	<u>7,326</u>	<u>10,185</u>
Effect of exchange rate differences on cash and cash equivalents	326	142
Net increase (decrease) of cash and cash equivalents	<u>18,117</u>	<u>1,221</u>
Cash and cash equivalents as at 1 January	<u>4,368</u>	<u>3,414</u>
Cash and cash equivalents as at 30 June	<u>22,485</u>	<u>4,635</u>
Non cash financing and investing activities		
Conversion of subordinated debt to equity	2,703	
Supplementary disclosure of operating cash flow information		
Interest received	6,909	9,314
Dividend received from investments	5	8
Interest paid	(4,937)	(7,180)

The notes to the condensed interim financial statements are an integrated part of these statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General information

Corporate information

ABN AMRO Group N.V. (referred to as 'ABN AMRO Group' or 'the Company') is the parent company of the ABN AMRO consolidated group of companies (referred to as 'the Group' or 'ABN AMRO'). ABN AMRO Group is a public limited liability company, incorporated under Dutch law on 18 December 2009, and registered at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands. The Dutch State holds all ordinary shares in ABN AMRO Group.

ABN AMRO provides a broad range of financial services through its businesses Retail & Private Banking and Commercial & Merchant Banking. Its operations are conducted primarily in the Netherlands and selectively abroad.

The condensed interim financial statements of ABN AMRO for the six months ended 30 June 2010 incorporate financial information of ABN AMRO Group N.V., its controlled entities, interests in associates and joint ventures. The condensed interim financial statements were signed and authorised for issue by the Supervisory Board and Managing Board on 25 August 2010.

Restructuring of ABN AMRO

The following transactions were effected on 1 April 2010:

- ABN AMRO Bank N.V. was legally separated from the former ABN AMRO Holding N.V. (renamed RBS Holdings N.V.);
- ABN AMRO Group N.V. acquired ABN AMRO Bank N.V. through the transfer of all outstanding shares of ABN AMRO Bank N.V. from ABN AMRO Holding N.V. (renamed RBS Holdings N.V.) to ABN AMRO Group N.V.;
- ABN AMRO Bank N.V. finalised the sale of parts of its activities, including HBU II N.V. and IFN Finance B.V. to Deutsche Bank. The closing of the sale was a prerequisite imposed by the European Commission's competition requirement ('EC Remedy') for ABN AMRO Group N.V. to acquire Fortis Bank (Nederland) N.V.;
- ABN AMRO Group acquired all outstanding shares and full control over Fortis Bank (Nederland) N.V. from the Dutch State.

On 1 July 2010 a legal merger was effected between ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V., resulting in ABN AMRO Group holds one subsidiary named ABN AMRO Bank N.V.

Basis of presentation

The condensed interim financial statements are the first consolidated interim financial statements prepared by ABN AMRO Group N.V. consolidating the businesses of ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. for the six-month period ended 30 June 2010.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements as part of the ABN AMRO Bank N.V. Annual Review as at 31 December 2009 and as part of the Fortis Bank (Nederland) N.V. Annual Report as at 31 December 2009, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and IFRS as adopted by the European Union, respectively.

The legal and economic creation of the new ABN AMRO Group took place in various different phases over the past period, ultimately resulting in the legal merger between ABN AMRO Bank and Fortis Bank (Nederland) as a subsidiary of ABN AMRO Group as at 1 July 2010. The different steps leading to the creation of the new ABN AMRO Group have been accounted for in the condensed interim financial statements as described below.

The combination of ABN AMRO Group and ABN AMRO Bank can be regarded as a continuation of the financial history of the Dutch State-acquired businesses of the former ABN AMRO Bank N.V., because ABN AMRO Group did not constitute a business as of the date ABN AMRO Bank was acquired. As a result, the consolidated interim financial statements include the results of ABN AMRO Bank for the full six-month period ended 30 June 2010, as if the combination of ABN AMRO Group and ABN AMRO Bank has existed in its current form since 1 January 2010. Comparative information has been included for 2009.

The subsequent acquisition by ABN AMRO Group of Fortis Bank Nederland qualifies as a transaction under common control and has therefore been accounted for without application of IFRS 3 Business Combinations. As a result, the assets, liabilities and contingent liabilities of ABN AMRO Bank and Fortis Bank Nederland have been recognised by ABN AMRO Group at their existing book values at the moment of acquisition and no goodwill has been recognised by ABN AMRO Group. Therefore, the condensed interim financial statements of ABN AMRO Group include the financial results of Fortis Bank Nederland for the full six months ended 30 June 2010, as if the two banks have been together since 1 January 2010. Comparative information has been included for 2009.

A common set of accounting policies and principles has been defined for the new ABN AMRO Group. To that end, the accounting policies and principles of ABN AMRO Bank and Fortis Bank Nederland have been harmonised. Any adjustment as a result of a change in accounting policies for one of the two banks has been adjusted in the opening equity as at 1 January 2009. The net impact of the harmonisation has remained insignificant to the opening equity as at 1 January 2009 and the income statement. More details of the effect of the accounting policy harmonisation are provided in the section 'Accounting policy harmonisation'.

To align with the classification of line items as defined for the new ABN AMRO Group, certain line items of ABN AMRO Bank and Fortis Bank Nederland have been reclassified.

The condensed interim financial statements are prepared 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, and available-for-sale financial assets;
- other financial assets (including 'loans and receivables') and liabilities are valued at amortised cost less any impairment if applicable;
- the carrying value of assets and liabilities measured at amortised 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.

The condensed interim financial statements are presented in euros, which is the presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise stated).

Compliance statement

The condensed interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). These condensed interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting.

Significant accounting policies

The accounting policies used to prepare these condensed interim financial statements are consistent with those applied by ABN AMRO Bank and Fortis Bank Nederland in their consolidated financial statements for the year ended 2009, except for the harmonisation of accounting principles as described below.

A summary of the harmonised accounting policies is provided at the end of the condensed interim financial statements. Where accounting policies are not specifically mentioned below or in the appendix which forms an integral part of the condensed consolidated interim financial statements, reference should be made to the IFRS as adopted by the European Union.

Accounting policy harmonisation

The harmonisation of accounting policies of ABN AMRO Bank and Fortis Bank Nederland entailed alignment of choices given within IFRS as well as the practical application of accounting principles. The harmonisation related primarily to accounting for joint ventures, the determination of loan loss impairments and the valuation of debt instruments and impairments:

To determine the amounts of loan loss impairments, the bank should take into account the impact of discounting expected recoveries of collateral and other cash flows. The approaches have been aligned and it has been decided to adopt the former ABN AMRO Bank approach going forward.

Both banks calculate Credit Valuation Adjustments ('CVA'), mainly counterparty risk related to interest rate derivatives, but the policy is implemented differently. The main difference related to the determination of the estimated credit risk. Fortis Bank Nederland used a Basel II-oriented approach (Probability of Default Loss Given Default) whereas ABN AMRO Bank used a Risk Adjusted Return On Capital ('RAROC') credit margin. It has been decided to adopt the former ABN AMRO approach going forward.

The provision for incurred but not identified losses (IBNI) is also harmonised for the loss identification period, the cure rate and the risk portfolios to which it applies.

In anticipation of Exposure Draft 9, the treatment of joint ventures has been harmonised. Given that ABN AMRO Bank proportionally consolidated joint ventures in the past, the presentation in the statement of financial position and in the income statement has been adjusted to equity accounting. There was no impact on equity as a result of this adjustment.

Furthermore, there have been alignments in the classifications of certain items in the profit and loss account, such as the treatment of commitment fees, expenses for external staff and elements of trading income.

Changes in accounting policies

On 1 January 2010, ABN AMRO adopted the revised IFRS 3 'Business Combinations' ('IFRS 3') and the amendments to IAS 27 'Consolidated and Separate Financial Statements'. The main changes under the standards are that:

- acquisition-related costs are recognised as an expense in the income statement in the period in which they are incurred;
- all consideration transferred, including contingent consideration, is recognised and measured at fair value at the acquisition date;
- equity interests held prior to control being obtained are remeasured to fair value at the date of obtaining control, and any gain or loss is recognised in the income statement;
- changes in a parent's ownership interest in a subsidiary that do not result in a change of control are treated as transactions between equity holders and are reported in equity; and
- an option is available, on a transaction-by-transaction basis, to measure any non-controlling (previously referred to as minority) interests in the entity acquired either at fair value, or at the non-controlling interests' proportionate share of the net identifiable assets of the entity acquired.

In terms of their application to ABN AMRO, the revised IFRS 3 and the amendments to IAS 27 apply prospectively to acquisitions made on or after 1 January 2010, and have no significant effect on these consolidated financial statements.

In addition to the above, during the period ended 30 June 2010 ABN AMRO adopted a number of standards and interpretations and amendments thereto which had an insignificant effect on these consolidated financial statements.

New accounting standards and interpretations

At 30 June 2010, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these condensed interim financial statements. ABN AMRO does

not expect the adoption of any of these to have a significant effect on these condensed interim financial statements, except for IFRS 9 'Financial instruments', issued in December 2009. This standard addresses the classification and measurement of financial assets and is likely to affect ABN AMRO's accounting for its financial assets. The standard is not applicable until 1 January 2013; it is available for early adoption, but not yet endorsed by the EU. ABN AMRO is yet to assess IFRS 9's full impact. However, initial indications are that it may affect ABN AMRO's accounting for its available-for-sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

2. Segment reporting

The primary segment information is presented in respect of ABN AMRO Group's business segments. The operating segments are consistent with ABN AMRO Group's management and internal reporting structure.

ABN AMRO Group is organised on a worldwide basis into two business segments and a support segment:

- Retail & Private Banking;
- Commercial & Merchant Banking;
- Other.

Retail & Private Banking

Retail Banking serves individuals, small businesses and self-employed people. Its mission is to create a profitable and solid business by delivering first-class service to both current and prospective customers. This mission has been translated into a strategy and service concept designed to meet customer expectations. ABN AMRO offers a wide variety of banking and insurance products and services through the branch network, online and via contact centres, and through subsidiaries.

ABN AMRO's private banking operations in the Netherlands are conducted under the ABN AMRO MeesPierson label; in Europe and Asia these operations are conducted under the ABN AMRO label or under local brand names as Neuflyze and Delbruck Bettmann Maffei. ABN AMRO MeesPierson and ABN AMRO Private Banking offer private banking expertise and tailor-made wealth management services, including investment advice, financial planning, international estate planning, discretionary portfolio management, standard private banking services and insurance products.

Commercial & Merchant Banking

Commercial & Merchant Banking offers customised financial advice and solutions to Netherlands-based companies and their international operations. Its client base includes business start-ups, established small & medium enterprises and larger corporate clients, as well as public institutions, multinationals and institutional investors. Commercial & Merchant Banking is organised along four business activities servicing defined client groups: Business Banking, Corporate Clients, Large Corporates & Merchant Banking and Markets. Marketing & Products is the central unit for marketing, communications, product management (loans, working capital and insurance) and sector advisory.

Other

Other includes activities not directly attributable to the business lines. These are not separate reportable segments as they do not qualify for operating segment that engaged in business activities.

Other includes support functions such as Finance (including ALM/Treasury), Technology Operations Property and Services, Risk Management & Strategy, Integration Communication & Compliance, Audit and the Corporate Secretariat.

Segment information for the first half year 2010

	<i>First half year 2010</i>				
	Retail & Private Banking	Commercial & Merchant Banking	Other	Eliminations	Total
			<i>(in millions)</i>		
Net interest income	1,730	792	(87)	1	2,436
Non-interest income	649	537	(783)	(2)	401
Operating income	2,379	1,329	(870)	(1)	2,837
Operating expenses	(1,448)	(1,075)	(868)	1	(3,390)
Loan impairments	(141)	(231)	24		(348)
Profit/(loss) before taxation	790	23	(1,714)		(901)
Income tax expenses	(210)	(32)	175		(67)
Profit/(loss) for the period	580	(9)	(1,539)		(968)

Segment information for the first half year 2009

	<i>(unreviewed)</i> <i>First half year 2009</i>				
	Retail & Private Banking	Commercial & Merchant Banking	Other	Eliminations	Total
			<i>(in millions)</i>		
Net interest income	1,451	750	(41)	20	2,180
Non-interest income	581	494	609	(18)	1,665
Operating income	2,032	1,244	568	2	3,845
Operating expenses	(1,411)	(765)	(373)	(2)	(2,550)
Loan impairments	(270)	(415)	(87)		(772)
Profit/(loss) before taxation	351	64	108		523
Income tax expenses	(97)	12	(18)		(103)
Profit/(loss) for the period	254	76	90		420

3. Net interest income

	<i>First half year 2010</i>	<i>First half year 2009</i> <i>(unreviewed)</i>
	<i>(in millions)</i>	
Interest income	6,545	8,173
Interest expenses.. .. .	(4,109)	(5,993)
Net interest income	2,436	2,180

Net interest income increased primarily in Retail & Private Banking due to further growth in the small-sized enterprises loan portfolio and in savings deposits. Margins on savings deposits started to recover as of the end of 2009 as low-margin fixed-rate deposits matured and were replaced by short-term variable-rate deposits which have a higher margin. Mortgage volumes were relatively stable, despite declining new mortgage production. Commercial & Merchant Banking benefited from growth of the loan portfolio. In addition a decline in net interest income was due to the divestments and interest expenses for EUR 2.6 billion Mandatory Convertible Securities (MCS) issued to the Dutch State over the first three months of 2010.

4. Net fee and commission income

	<i>First half year 2010</i>	<i>First half year 2009</i> <i>(unreviewed)</i>
	<i>(in millions)</i>	
Fee and commission income	1,335	1,123
Fee and commission expense	(400)	(164)
Net fee and commission income	935	959

The increase in the fee and commission income and expenses was mainly due to the acquisition of ABN AMRO Clearing Americas LLC in August 2009.

5. Net trading income

	<i>First half year 2010</i>	<i>First half year 2009</i> <i>(unreviewed)</i>
	<i>(in millions)</i>	
Interest instruments trading	(75)	(96)
Foreign exchange trading	88	121
Equity and commodity trading	62	92
Other	46	(68)
Total net trading income.. .. .	121	49

6. Other income

Other income includes the following elements:

	<i>First half year 2010</i>	<i>First half year 2009</i> <i>(unreviewed)</i>
	<i>(in millions)</i>	
Leasing activities.. .. .	42	41
Disposal of operating activities and equity accounted investments	(805)	17
Other	70	428
Total other income	(693)	486

The closing of the EC Remedy took place on 1 April 2010. The total result of this divestment is a loss of EUR 812 million. The loss is conditional to an audit of the closing accounts which will be completed in the second half of 2010.

Other income for the first half of 2009 included a sum of EUR 363 million paid by Ageas SA/NV and Ageas N.V. (previously Fortis SA/NV and Fortis N.V.) to Fortis Capital Company Ltd. relating to the cash settlement of 362,511 class A1 FCC preference shares.

EC Remedy

ABN AMRO Bank N.V. and Deutsche Bank AG signed the Share Purchase Agreement (SPA) confirming the agreements reached for the sale of NEW HBU II N.V. and IFN Finance B.V. (the EC Remedy) on 23 December 2009. The sale price agreed for the EC Remedy is EUR 700 million. This sale enables compliance with the condition set by the European Commission for integration of the Dutch businesses of ABN AMRO Holding acquired by the Dutch State and those of Fortis Bank Nederland.

The transaction was concluded on 1 April 2010; the result on this transaction was therefore recorded in the second quarter of 2010. The total transaction result recorded is a loss of EUR 812 million. This transaction loss include:

- a book loss (difference between sale price and book value);
- a credit loss guarantee (covers 75% of potential credit losses of the portfolio at the time of the closing of the transaction);
- a cross liability (HBU new remains under Dutch law legally liable for all debts of AAB and RBS NV. This so-called cross liability is capped to the equity of the new HBU entity. As part of the sale agreement ABN AMRO Bank has agreed to indemnify Deutsche Bank AG for the risk related to this cross liability for a period of 5 years.);
- and transaction related costs.

ABN AMRO Bank bought a counter guarantee to cover this risk.

The credit umbrella covers the portfolio that existed at the time of closing, i.e. 1 April 2010, and provides for protection against potential losses on the principal amount, interest and, to a certain extent, credit-related fees for:

- committed exposure with a specified maturity date: until (re)payment in full;
- committed exposure without a specified maturity date and any uncommitted exposure: until 1 year after closing.

Material amendments will lead to lapse of the coverage under the credit umbrella. ABN AMRO Bank N.V. estimated the loss under the credit umbrella based on fair value. Basel II data such as Probability of Default, Exposure at Default and Loss Given Default were used. Based on these parameters, expectations for future periods were developed. The liability for the credit loss guarantee is amortised and periodically tested if the guarantee fee is sufficiently accrued. Based on the latest information of the

portfolio that is covered by the credit umbrella, an update of the accrual for the credit umbrella is prepared on a quarterly basis.

Fortis Capital Company

In 2009 Other income includes a sum of EUR 363 million paid by Ageas SA/NV and Ageas N.V. (previously Fortis SA/NV and Fortis N.V.; together Fortis Holdings) to Fortis Capital Company Ltd. relating to the cash settlement of 362,511 class A1 FCC preference shares.

Fortis Capital Company Ltd. (a legal name change to ABN AMRO Capital Finance Ltd. is to be effectuated shortly) issued class A1 preference shares in 1999. Fortis Capital Company Ltd. (FCC) was a wholly-owned subsidiary of Fortis Bank Nederland (and, since 1 April 2010, of ABN AMRO Group). On the reporting date, and following the cash settlement of 29 June 2009, a number of 87,489 of remaining class A1 preference shares are outstanding with a total nominal value of EUR 87,489,000. This amount is reported in the balance sheet under subordinated loans. The class A1 preference shares are listed and traded on Euronext Amsterdam by NYSE Euronext.

Ageas initiated court proceedings against FCC, ABN AMRO Bank N.V. and the Dutch State, claiming EUR 362.5 million compensation which Ageas was liable for on the cash settlement date. These proceedings are pending. In an initial summary hearing of 25 June 2009 the court ruled and denied all claims of Ageas. FCC and ABN AMRO Bank N.V. continue to hold the opinion that Ageas is not entitled to any compensation.

In the second half of 2009, ABN AMRO Bank N.V. reassessed the tax treatment of the cash settlement of FCC, based in Jersey, and concluded that this income should be exempt of tax. On 30 June 2009, a provisional tax expense of EUR 92.4 million was taken into account based on the preliminary assessment made at that time. This tax expense was reversed in the second half of 2009 based on the reassessment.

7. Personnel expenses

Personnel expenses for the first half of 2010 and first half of 2009 are as follows:

	First half year 2010	First half year 2009 <i>(unreviewed)</i>
	<i>(in millions)</i>	
Salaries and wages	959	1,102
Social security charges	124	61
Pension expenses relating to defined benefit plans	(1)	21
Defined contribution plan expenses	23	22
Other	506	86
Total personnel expenses	1,611	1,292

Other personnel expenses include the costs for non-monetary benefits such as medical costs, termination benefits, restructuring costs and the share-based payments.

The increase in personnel expenses was caused mainly by the restructuring provision for personnel of EUR 427 million, offset by a positive amount (EUR 54 million) for curtailment of the pension provision.

In 2009, salaries and wages and social security charges were invoiced from RBS N.V. and are reported on the line salaries and wages.

8. General and administrative expenses

General and administrative expenses are as follows:

	<i>First half year 2010</i>	<i>First half year 2009</i> <i>(unreviewed)</i>
	<i>(in millions)</i>	
Operating lease rental expenses and related expenses	77	78
Professional fees	219	154
Marketing and public relations costs.. .. .	69	79
Information technology costs	422	317
Maintenance and repair expenses	68	63
External staff costs	105	94
Travel	24	23
Post, telephone and transport	47	50
Other	489	218
Total General and administrative expenses	1,520	1,076

General and administrative expenses includes the integration and separation costs for specific cost categories. Integration and separation costs amounted to EUR 177 million for the first half year 2010 (2009: EUR 78 million).

Other includes costs for closing of offices (EUR 28 million).

9. Depreciation and amortisation

The increase in depreciation and amortisation of tangible and intangible assets is due to write-offs of office buildings and equipment, as part of the restructuring, amounting to EUR 68 million.

10. Income tax expenses

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rate was impacted by the non-tax deductibility of the additions to the legal provision, the non-tax deductibility of the funding costs of several Tier 1 capital instruments and the EC Remedy loss.

11. Cash and cash equivalents

Cash and balances at central banks increased by EUR 18.1 billion, mainly due to the liquidity buffer which is in place for prudency reasons.

12. Financial assets and liabilities held for trading

Financial assets held for trading

The table below shows the composition of Assets held for trading.

	<i>30 June 2010</i>	<i>31 December 2009</i>
	<i>(in millions)</i>	
Trading securities	10,702	12,098
Trading derivatives	10,160	7,578
Other assets held for trading.. .. .	1,210	666
Total assets held for trading	22,072	20,342

Financial assets held for trading increased by EUR 1.7 billion as a result of the Markets activities of Commercial & Merchant Banking, partly offset by the divestment under the EC Remedy.

Financial liabilities held for trading

The table below shows the composition of Liabilities held for trading.

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Short security positions	15,844	20,392
Derivatives held for trading	10,825	6,492
Other liabilities held for trading	715	67
Total liabilities held for trading	<u>27,384</u>	<u>26,951</u>

The decrease in short security positions is due to a decrease in the share portfolio. Also as a result of the end of the dividend season.

Movements are related to the Markets activities of Commercial & Merchant Banking, partly offset by the divestment under the EC Remedy.

13. Financial investments

The composition of Investments is as follows:

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Investments:		
– Held to maturity	34	33
– Available for sale	18,855	19,998
– Held at fair value through profit or loss	645	741
Total, gross	<u>19,534</u>	<u>20,772</u>
Impairments:		
– on investments available for sale	(13)	(9)
Total impairments	<u>(13)</u>	<u>(9)</u>
Total financial investments	<u>19,521</u>	<u>20,763</u>

Investments available-for-sale

The fair value of ABN AMRO Group N.V.'s available-for-sale investments including gross unrealised gains and losses are as follows:

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Interest-earning securities		
Dutch government	2,334	2,921
US Treasury and US Government	448	
Other OECD government	9,001	11,146
Non OECD government	41	
Mortgages and other asset backed securities.. .. .	1,762	885
Financial institutions	2,686	2,429
Non financial institutions.. .. .	109	345
Other interest earning securities	2,209	2,043
Subtotal	<u>18,590</u>	<u>19,769</u>
Equity instruments:		
Equity instruments	265	229
Total investments available for sale	<u>18,855</u>	<u>19,998</u>

Financial investments decreased by EUR 1.2 billion due mainly to the sale of government bonds for asset and liability management purposes.

14. Loans and receivables banks

This item is comprised of amounts due from or deposited with banking institutions.

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Interest-bearing deposits	7,961	20,020
Loans and advances	7,216	3,702
Reverse repurchase agreements	5,919	4,525
Securities borrowing transactions	19,407	16,643
Mandatory reserve deposits with central banks	3,299	1,202
Other	138	453
Total	<u>43,940</u>	<u>46,545</u>
Less: loan impairment	(50)	(60)
Loans and receivables banks	<u>43,890</u>	<u>46,485</u>

Loans and receivables banks declined by EUR 2.6 billion. This net decrease is mainly the result of a settlement of EUR 16.4 billion with RBS N.V. following the legal separation, offset by an increase of EUR 7.7 billion in Commercial & Merchant Banking activities, an increase of EUR 2.1 billion in mandatory reserve deposits with central banks and an increase of EUR 4.4 billion in interest bearing deposits.

For loan impairment details, see note 16.

15. Loans and receivables customers

This item is comprised of amounts receivable from non-bank customers.

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Government and official institutions	3,639	4,036
Residential mortgage	161,391	161,205
Fair value adjustment from hedge accounting	3,305	1,711
Consumer loans	13,135	14,258
Commercial loans	86,468	87,105
Reverse repurchase agreements	4,549	2,774
Securities borrowing transactions	9,177	10,622
Financial lease receivables	194	204
Factoring.. .. .	1,509	1,512
Total	<u>283,367</u>	<u>283,427</u>
Less: loan impairment	<u>(4,108)</u>	<u>(4,121)</u>
Loans and receivables – customers	<u>279,259</u>	<u>279,306</u>

For details of loan impairment see note 16.

16. Loan impairment

	Banks	Commercial loans	Consumer loans	Total
		<i>(in millions)</i>		
Balance as at 1 January 2010..	60	3,479	642	4,181
New impairment allowances	3	426	185	614
Reversal of impairment allowances no longer required	(9)	(165)	(78)	(252)
Recoveries of amounts previously written off		(2)	(12)	(14)
Total loan impairment	(6)	259	95	348
Amount recorded in interest income from unwinding of discounting		(12)		(12)
Currency translation differences	5	47	6	58
Amounts written off (net)	(9)	(42)	(134)	(185)
Effect of (de)consolidating entities		(236)	(26)	(262)
Reserve for unearned interest accrued on impaired loans		25	1	26
Other adjustments		2	2	4
Balance as at 30 June 2010	50	3,522	586	4,158
	Banks	Commercial loans	Consumer loans	Total
		<i>(in millions)</i>		
Balance as at 1 January 2009 (unreviewed)	30	2,574	508	3,112
New impairment allowances	39	734	196	969
Reversal of impairment allowances no longer required	(6)	(172)	(18)	(196)
Recoveries of amounts previously written off			(1)	(1)
Total loan impairment	33	562	177	772
Amount recorded in interest income from unwinding of discounting		(18)	(1)	(19)
Currency translation differences	(1)	6		5
Amounts written off (net)		(212)	(58)	(270)
Effect of (de)consolidating entities				
Reserve for unearned interest accrued on impaired loans		62		62
Other adjustments		23	1	24
Balance as at 30 June 2009 (unreviewed)	62	2,997	627	3,686

17. Goodwill and other intangible assets

Goodwill and other intangible assets as at 30 June 2010 and 31 December 2009 are as follows:

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Goodwill	238	231
Purchased software	163	157
Internally developed software	61	69
Other intangible assets	13	15
Total	<u>475</u>	<u>472</u>

As at 30 June 2010, no impairment losses were recognised or reversed.

18. Recognised tax assets and liabilities

The table below summarises the tax position as at 30 June 2010 and 31 December 2009.

	<u>30 June 2010</u>		<u>31 December 2009</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Current tax	497	470	499	369
Deferred tax	733	143	537	84
Total	<u>1,230</u>	<u>613</u>	<u>1,036</u>	<u>453</u>

The increase in the deferred tax is mainly caused by the changes in the cash flow hedges.

19. Due to banks

This item is comprised of amounts due to banking institutions, including central banks and multilateral development banks.

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Deposits from banks:		
Demand deposits	6,147	1,841
Time deposits	10,046	5,683
Other deposits	15,178	15,519
Total deposits	<u>31,371</u>	<u>23,043</u>
Repurchase agreements	6,396	10,092
Securities lending transactions	6,770	8,487
Advances against collateral	700	
Other	1,495	1,473
Total due to banks	<u>46,732</u>	<u>43,095</u>

Due to banks rose by EUR 3.6 billion as a result of an increase in total deposits of EUR 8.3 billion, offset by a decrease in repurchase agreements due to security borrowing and lending transactions of EUR 3.7 billion.

20. Due to customers

This item is comprised of amounts due to non-banking customers.

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Demand deposits.. .. .	83,378	85,913
Saving deposits	70,018	67,966
Time deposits	47,875	49,151
Other deposits	540	188
Total deposits	<u>201,811</u>	<u>203,218</u>
Repurchase agreements	8,895	913
Securities lending transactions	501	566
Other borrowings	472	343
Total due to customers	<u>211,679</u>	<u>205,040</u>

The increase in repurchase agreements is due to securities borrowing and lending services.

21. Issued debt

The following table shows the types of Debt securities issued by ABN AMRO Group N.V. and the amounts outstanding.

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Bonds and notes issued	51,311	43,631
Certificates of deposit and commercial paper	27,032	25,857
Cash notes, saving certificates and bank certificates	1,079	1,349
Total issued debt..	<u>79,422</u>	<u>70,837</u>

Issued debt shows a net increase of EUR 8.6 billion. This increase relates to active financing initiatives in short- and long-term maturities and prudent liquidity management.

Changes in the issued debt are shown below.

Balance as at 1 January 2009 (unreviewed)	59,424
Issuance	15,972
Redemption.. .. .	(4,176)
Other	201
Balance as at 30 June 2009 (unreviewed)	<u>71,421</u>
Balance as at 31 December 2009	70,837
Issuance	23,021
Redemption.. .. .	(15,854)
Other	1,418
Balance as at 30 June 2010	<u>79,422</u>

22. Subordinated liabilities

The following table provides a specification of the Subordinated liabilities as at 30 June 2010 and 31 December 2009.

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Liability component of subordinated convertible securities	2,016	2,034
Other subordinated liabilities	7,290	9,886
USD 250 million subordinated note 2023 issued by RBS acquired businesses of former ABN AMRO Bank N.V. (now RBS N.V.) reported in Due to banks ⁵	(204)	(173)
Total subordinated liabilities	<u>9,102</u>	<u>11,747</u>

The decrease in other subordinated liabilities is for EUR 2.6 billion due to the conversion of EUR 2.6 billion Mandatory Convertible Note on 1 April 2010 which were converted from subordinated liabilities into equity.

Changes in subordinated liabilities are shown below. Redemptions include the EUR 2.6 billion conversion of the Dutch State-held Mandatory Convertible Securities into equity on 1 April 2010.

Balance as at 1 January 2009 (unreviewed)	12,488
Issuance	
Redemption	(1,611)
Other	(326)
Balance as at 30 June 2009 (unreviewed)	<u>10,551</u>
Balance as at 31 December 2009	11,747
Issuance	
Redemption	(331)
Conversion mandatory convertible securities	(2,600)
Other	286
Balance as at 30 June 2010	<u>9,102</u>

8.75% Mandatory convertible securities (MCS)

The Mandatory Convertible Securities have a nominal amount of EUR 2 billion and pay a semi-annual coupon, in arrears, at an annual rate of 8.75%. The MCS are reported in the balance sheet under subordinated liabilities and qualify for regulatory purposes as Tier 1 capital.

The MCS constitute unsecured and subordinated obligations of ABN AMRO Bank N.V. (at the time Fortis Bank (Nederland) N.V.), BNP Paribas Fortis (former Fortis Bank SA/NV and Ageas SA/NV and Ageas N.V. (previously Fortis SA/NV and Fortis N.V. respectively). As set out in the prospectus, the obligations of the issuers of the MCS are joint and several. The MCS are subordinated to all other loans, subordinated loans and preference shares, but rank senior to ordinary shares.

All outstanding MCS will be mandatorily converted on 7 December 2010 into a number of Ageas SA/NV and Ageas N.V. shares, to be determined in accordance with the prospectus.

On 7 June 2010, the last semi-annual coupon was paid.

The MCS are listed and traded on Euronext Amsterdam by NYSE Euronext.

⁵ The USD 250 million 7.75% subordinated lower Tier 2 notes 2023, while economically allocated to ABN AMRO Bank N.V., remain a legal obligation of RBS N.V. These notes were not transferred to ABN AMRO N.V. as part of the Dutch legal demerger process, because they are governed by US law.

Perpetual Bermudan Callable

EUR 1 billion in Perpetual Bermudan Callable Capital Securities were issued in 2006. This innovative Tier 1 instrument has a fixed 4.31% coupon up to March 2016 after which the coupon resets to three-month Euribor plus 166 basis points. This instrument is reported in the balance sheet under subordinated liabilities.

Payments may be deferred, but any deferred coupon payment will immediately become due if the issuer makes payments on or purchases or redeems securities ranking pari-passu with the Capital Securities or if ABN AMRO Group N.V. makes payments on any of its Ordinary Shares. Under a regulatory event, the coupon payment will be deferred mandatorily. Following a regulatory event the terms of the security will be modified such that the security becomes non-cumulative.

Deferred coupons will be satisfied using the Alternative Coupon Satisfaction Mechanism (ACSM). This mechanism means that the relevant payment is satisfied from the proceeds of the public or private issue by ABN AMRO Group N.V. of such amount of ordinary shares for cash as required to make the relevant payment. Investors will always receive payments made in respect of the Capital Securities in cash.

The last annual coupon was paid on 10 March 2010. Assuming no regulatory event takes place, the next coupon payment on 10 March 2011 will be paid due to a dividend payment made by RFS Holding N.V. (previously ABN AMRO Holding N.V.) on 1 April 2010.

The Capital Securities are listed and traded on Euronext Amsterdam by NYSE Euronext

Fortis Capital Company Ltd.

The Fortis Capital Company Ltd. preference shares were issued in 1999. Fortis Capital Company is a wholly-owned subsidiary of ABN AMRO Group N.V. On the reporting date, and following the cash settlement of 29 June 2009, a number of 87,489 of remaining class A1 preference shares were outstanding with a total nominal value of EUR 87,489,000. This amount is reported in the balance sheet under subordinated loans. The class A1 preference shares are listed and traded on Euronext Amsterdam by NYSE Euronext.

On the reporting date the class A1 preference shares qualify as Tier 1 capital. As of 1 July 2010, the class A1 preference shares were reclassified to upper Tier 2 capital. On 16 August 2010 an announcement was made to call for redemption of all remaining outstanding class A 1 preference shares on the dividend payment date of 29 September 2010. The required approvals for redemption have been obtained.

Ageas (previously Fortis Holdings) initiated court proceedings against Fortis Capital Company Ltd., ABN AMRO Bank N.V. and the Dutch State claiming EUR 363 million compensation which Ageas was liable for on the cash settlement date. These proceedings are pending. In an initial summary hearing on 25 June 2009 the court ruled in favour of all claims against Ageas. Fortis Capital Company Ltd. and ABN AMRO Bank N.V. continue to hold the opinion that Ageas is not entitled to any compensation.

The last coupon payment was made on 29 June 2010.

23. Provisions

The table below shows the breakdown of Provisions as at 30 June 2010 and 31 December 2009.

	30 June 2010	31 December 2009
	<i>(in millions)</i>	
Credit commitments	29	33
Restructuring	530	98
Other staff provision	227	221
Insurance fund liabilities	348	327
Provision for pension commitments	156	166
Other	837	483
Total provisions	2,127	1,328

Restructuring

The legal merger was effectuated on 1 July 2010. Preparations for the integration of ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. had already commenced in the second quarter of 2010. As of 1 July 2010 about 150 bank offices closed their doors. During the second quarter, preparations for the integration had progressed so far that the integration was irreversible, meaning the requirements to record a restructuring provision were met. The total amount recorded was EUR 469 million. This amount includes costs related to the reduction of staff of EUR 427 million, a positive amount for curtailment of pension costs of EUR 54 million, impairments for facilities of EUR 68 million (charged to depreciation) and EUR 28 million for onerous' contracts (charged to general and administrative expenses). The calculated restructuring provision for staff is based on a model with certain assumptions such as salary scales, time spent in the Redeployment Centre and the latest expected number of people to be declared redundant. Actuals are compared with the assumptions on a periodic basis and the restructuring provision is adjusted if necessary. The restructuring provision will be used in the period starting 1 July 2010 until the end of 2013.

Other

The increase in Other was mainly due to additions to the legal provision, which are estimated amounts based on all relevant factors and information existing at the balance sheet date. Actual results may differ from those estimates and judgement decisions. The information usually required by IAS 37 is not disclosed, because management believes that doing so would seriously bias the outcome of the litigation.

24. Other liabilities

Other liabilities include a credit loss guarantee (credit umbrella) of EUR 357 million. This accrual covers 75% of the potential credit losses of the portfolio at the time of closing of the transaction. The cover is capped to an amount in EURO equal to 10% of the notional amount of the referenced credit portfolio as per 1 April 2010.

The credit umbrella covers the portfolio that existed at the time of closing, i.e. 1 April 2010, and provides for protection against potential losses on the principal amount, interest and, to a certain extent, credit related fees for:

- committed exposure with a specified maturity date: until (re)payment in full;
- committed exposure without a specified maturity date and any uncommitted exposure: until 1 year after Closing.

Material amendments will lead to lapse of the coverage under the credit umbrella. ABN AMRO Bank N.V. estimated the potential loss under the credit umbrella based on fair value. Basel II data such as Probability of Default, Exposure at Default and Loss Given Default were used. Based on these parameters, expectations for future periods were developed. The guarantee fee is amortised and periodically tested for sufficiency. Based on the latest information of the portfolio that is covered by the credit umbrella, an update of the accrual for the credit umbrella is prepared on a quarterly basis.

25. Equity attributable to shareholders of the parent company

The following table shows the composition of Issued capital and reserves as at 30 June 2010 and 31 December 2009.

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Share capital	940	
Share premium	11,400	
Other reserves (incl. retained earnings / result for the period)	(145)	9,650
Other components of equity	(1,035)	(874)
Equity attributable to shareholders of the parent company	<u>11,160</u>	<u>8,776</u>

During the reporting period, issued and paid-up share capital of ABN AMRO Group N.V. increased by EUR 940 million, following the issuance of new shares as at 1 April 2010. Payment on the shares was fully effected through a contribution in kind by the Dutch State.

The shares in ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. were transferred into ABN AMRO Group N.V. on 1 April 2010. Mainly as a result of the transfer, share premium reserves increased by EUR 11.4 billion. The net asset value of both banks amounting to EUR 9.1 billion has been transferred by the Dutch State to ABN AMRO Group N.V. as a share premium contribution on the shares issued by ABN AMRO Group N.V. (EUR 8.2 billion) plus a contribution on ordinary shares issued (EUR 0.9 billion). This is also reflected by EUR (9.1) billion movement in other reserves. Due to the conversion of the EUR 2.6 billion Mandatory Convertible Securities the share premium reserve increased EUR 2.7 billion (of which EUR 0.1 billion relates to capitalised interest). The remaining increase of the share premium reserve is attributable to the completion of the capitalisation of ABN AMRO Bank N.V. by the Dutch State (EUR 0.5 billion) in accordance with the letter to Parliament of 19 November 2009 and a settlement related to the separation of ABN AMRO Bank N.V. from RBS.

Other changes in equity are mainly related to the separation of ABN AMRO Bank N.V.

Cash flow hedges reserves decreased by EUR 255 million reflecting the unfavourable fair value movements of cash flow hedging derivatives in line with developments in interest rate markets.

The preference share dividend over 2009 has been reserved into a dedicated preference share dividend reserve. Both the preference shares and the dedicated dividend reserve are recognised as Tier 1 capital. Until January 2013, the preferred dividend on the class A preference shares is 5.85%.

The following table shows the number of outstanding shares:

	Ordinary shares	Preference shares	Total shares outstanding
Number of shares at 31 December 2009	100,000		100,000
Issued	939,900,000		939,900,000
Conversion preference shares into ordinary shares			
Number of shares at 30 June 2010	940,000,000		940,000,000

26. Acquisitions and divestments

The table below shows the acquisitions and divestments made in 2009 and the first half of 2010.

	<i>First half year 2010</i>		<i>First half year 2009</i>	
	<u>Acquisitions</u>	<u>Divestments</u>	<u>Acquisitions</u>	<u>Divestments</u>
	<i>(in millions)</i>			
Net assets acquired / Net assets divested		(886)		
Cash used for acquisitions / received for divestments		56		17

Divestment 2010

On 23 December 2009 Deutsche Bank A.G. and ABN AMRO Bank N.V. entered into a Share Purchase Agreement (SPA) regarding NEW HBU II N.V. and IFN Finance B.V. (the EC Remedy). The European Commission required a certain percentage of the commercial banking business to be sold before it would approve the merger between ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. The closing of this transaction took place on 1 April 2010, and the result on sale was recorded in the second quarter of 2010. The total result recorded is a loss of EUR 812 million. The sale price agreed for the EC Remedy is EUR 700 million.

The transaction loss include:

- a book loss (difference between sale price and book value);
- a credit loss guarantee (covers 75% of potential credit losses of the portfolio at the time of the closing of the transaction);
- a cross liability (HBU new remains under Dutch law legally liable for all debts of AAB and RBS NV. This so-called cross liability is capped to the equity of the new HBU entity. As part of the sale agreement ABN AMRO Bank has agreed to indemnify Deutsche Bank AG for the risk related to this cross liability for a period of 5 years.);
- and transaction related costs.

27. Commitments and contingent liabilities

The committed credit facilities, guarantees and other commitments at 30 June 2010 and 31 December 2009 are summarised below.

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Committed credit facilities	183,924	190,703
Guarantees and other commitments:		
Guarantees granted	20,317	24,047
Irrevocable letters of credit	1,955	2,422
Recourse risks arising from discounted bills	5,246	4,114
Total guarantees and other commitments	<u>27,518</u>	<u>30,583</u>
Total	<u>211,442</u>	<u>221,286</u>

Other contingencies

ABN AMRO Group is involved in a number of legal proceedings in the ordinary course of business in a number of jurisdictions. In presenting the condensed interim financial information, management makes estimates regarding the outcome of legal, regulatory and arbitration matters, and takes a charge to income when losses with respect to such matters are probable. Charges, other than those taken

periodically for costs of defence, are not established for matters when losses cannot be reasonably estimated.

On the basis of information currently available, and having taken legal counsel with legal advisers, ABN AMRO Group has the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the condensed interim financial position and the interim result of ABN AMRO Group.

On 6 February 2010, ABN AMRO Bank N.V. demerged into two entities: RBS N.V. (the former ABN AMRO Bank N.V.) and ABN AMRO Bank N.V. In principle, investors now only have recourse to the entity to which the relevant assets and liabilities have been transferred for payments in respect of the appropriate securities. Under the Dutch Civil Code, however, each entity remains liable to creditors for the monetary obligations of the other entity that existed at the date of the legal demerger in the event that the other entity cannot meet its obligations to those creditors. In each case, the liability relates only to obligations existing at the date of the legal demerger. The liability of ABN AMRO Bank is limited to the amount of equity acquired at legal demerger, which amounted to EUR 1.8 billion. The liability of RBS N.V. is limited to the equity retained at legal demerger, amounting to EUR 4.0 billion. ABN AMRO Bank has made arrangements to mitigate the risks of liability to the creditors which transferred to RBS N.V. upon 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 ABN AMRO Bank. Both of these entities hold the level of regulatory capital agreed upon with the Dutch Central Bank for purposes of covering any residual risks.

28. Related parties

ABN AMRO has a related party relationship with joint ventures, associates, key management and the shareholder of its parent company ABN AMRO Group N.V. The shareholder of ABN AMRO Group N.V. is the Dutch State, which is therefore a related party.

ABN AMRO enters into a number of banking transactions with related parties in the normal course of business. These transactions, which include loans, deposits and foreign currency transactions, take place on an arm's length basis and are carried out on commercial terms and at market rates.

Balances with joint ventures and associates

	30 June 2010				31 December 2009			
	Joint ventures	Associates	Other	Total	Joint ventures	Associates	Other	Total
	<i>(in millions)</i>							
Balance sheet – Related parties								
Receivables	313	279	131	723	269	177	19	465
Liabilities	7	151	4	162	54	61	6	121
Guarantees given	8			8				
Irrevocable facilities						8		8
Income received	6			6	28	72	2	102
Expenses paid			36	36	26	(15)		11

Balances with the Dutch State

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<i>(in millions)</i>	
Assets		
Financial assets held for trading	1,351	60
Financial investments – available for sale	2,162	2,758
Liabilities		
Due to customers	5,925	5,925
Subordinated loans	1,650	4,500
Tax balances		
Current tax asset	885	488
Current tax liability	876	327
Deferred tax asset	734	522
Deferred tax liability	98	50
Tax on profit	104	(40)

Transactions conducted directly with the Dutch State are limited to normal banking transactions, taxation and other administrative relationships.

In addition to the balances with the Dutch State reported in the table above, the following transactions have been conducted with the Dutch State:

RBS continues to legally own certain Consortium Shared assets and liabilities. This means that those assets and liabilities are for the risk and reward of RBS, Santander and the Dutch State as shareholder of RFS Holdings B.V. On 1 April 2010 ABN AMRO Bank signed an indemnity agreement with the Dutch State for a shortfall in capital above a certain amount relating to certain of those assets and liabilities. ABN AMRO has assessed the risk for such a shortfall and considers the risk to be remote.

As stated in note 27 ABN AMRO took over the cross-liability exposure for NEW HBU II N.V. on Royal Bank of Scotland N.V. for a period of five years. ABN AMRO Bank received an indemnity from the Dutch State for this exposure.

Since August 2009, ABN AMRO Bank has had a EUR 34.5 billion risk mitigant, through a guarantee, with the Dutch State uses to reduce the credit risk on a part of the Dutch residential mortgage portfolio.

29. Post balance sheet events

Legal merger

On 1 July 2010, ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. legally merged and started operating as a single bank under the name ABN AMRO Bank N.V. ABN AMRO Group N.V., the parent company and group company of ABN AMRO Bank N.V., assigned non-cumulative preference shares in its share capital to ABN AMRO Preferred Investments B.V. ABN AMRO Preferred Investments B.V. (previously called Fortis FBN(H) Preferred Investments B.V.) was the holder of the non-cumulative preference shares A in the share capital of Fortis Bank (Nederland) N.V. Fortis Bank (Nederland) N.V. ceased to exist on the merger date. This also meant that all branches and subsidiaries of Fortis Bank Nederland became branches and subsidiaries of ABN AMRO Bank. As of 1 July, ABN AMRO Group N.V., the parent company and group company of ABN AMRO Bank N.V., also assigned non-cumulative preference shares in its share capital to Fortis FBN(H) Preferred Investments B.V. Fortis FBN(H) Preferred Investments B.V. was the holder of the non-cumulative preference shares A in the share capital of Fortis Bank (Nederland) N.V.

The composition of the Managing Board and Supervisory Board of ABN AMRO Group and ABN AMRO Bank has remained unchanged.

ABN AMRO Preferred Investments

In connection with the legal merger, ABN AMRO Group N.V. issued 75,000,000 class A non-cumulative preference shares to ABN AMRO Preferred Investments B.V. (previously Fortis FBN(H) Preferred Investments B.V.) in exchange for 150,000 class A non-cumulative preference shares Fortis Bank (Nederland) N.V. These preference shares were issued for a total amount of EUR 210 million.

The Dutch State owns 35 priority shares and institutional investors own three classes of five ordinary shares in ABN AMRO Preferred Investments B.V. The priority shares held by the Dutch State effectively allow the State to control this entity. In addition, ABN AMRO Preferred Investments B.V. has a minority share in ABN AMRO Group.

EC decision on call option to early redeem a subordinated note (FCC)

On 16 August 2010, it was announced that the European Commission had as a matter of exception approved the call of the FCC Securities. Due to the existence of a dividend pusher clause in the documentation of the FCC Securities linked to dividend payments made by Ageas N.V. and Ageas SA/NV, entities outside the control of ABN AMRO Bank, the Dutch central bank (De Nederlandsche Bank, “DNB”) had taken the view that from a regulatory perspective the FCC Securities should be reclassified from Tier-1 capital to Tier-2 capital as of 1 July 2010. In order to prevent the Capital Securities from being reclassified to Tier 2, ABN AMRO Bank decided to call for redemption of all outstanding FCC Securities on the next dividend payment date of 29 September 2010.

As ABN AMRO Bank is a bank subject to state aid investigation, ABN AMRO Bank and its subsidiaries are required to consult the European Commission in order to redeem capital instruments prior to legal maturity or to pay coupons. The European Commission had as a matter of exception determined that the request for early redemption of the FCC Securities could be reconciled with state aid rules, as it prevents the loss of Tier 1 capital.

The European Commission also stated that Hybrid Tier 1 and Tier 2 instruments issued by ABN AMRO Group and its wholly-owned subsidiaries are subject to a ban on payments of coupons unless there is a legal obligation to make such payments, as well as a call restriction, similar to other financial institutions involved in state aid proceedings. This ban is for a limited period up to and including 13 March 2013.

Summary of significant accounting policies

This forms an integral part of the condensed consolidated interim financial statements.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying ABN AMRO’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

Critical accounting estimates and assumptions

ABN AMRO makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill

ABN AMRO tests for each reporting period, or more frequently whether goodwill has suffered any impairment, in accordance with the accounting policies. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Allowance for loan losses

Allowances for loan losses are made for losses in outstanding loans for which there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowance for loan losses is intended to adjust the value of ABN AMRO's loan assets for incurred credit losses as of the balance sheet date. Allowances are determined through a combination of specific reviews, statistical modelling and estimates, i.e. on the basis of the ABN AMRO grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Certain aspects require judgement, such as the identification of loans that are deteriorating, the determination of the probability of default, the expected loss, the value of collateral and current economic conditions. Though we consider the allowances for loan losses to be adequate, the use of different estimates and assumptions could produce different allowances for loan losses, and amendments to allowances may be required in the future, as a consequence of changes in the value of collateral, the amounts of cash to be received or other economic events.

Fair value of financial instruments

There is little subjectivity in the determination of the fair value of financial instruments that are actively traded and for which quoted market prices or market parameters are readily available. However, when observable market prices and parameters do not exist, management's judgement is necessary in order to estimate fair value.

For instruments where no active liquid market exists, or quoted prices are unobtainable, recent market transactions are used or the fair value is estimated using a variety of valuation techniques – including reference to similar instruments for which market prices do exist or valuation models, such as discounted cash flow calculation or Black-Scholes.

ABN AMRO refines and modifies its valuation techniques as markets and products develop and the pricing for such products becomes more or less transparent. Financial markets are sometimes subject to significant stress conditions where steep falls in perceived or actual asset values are accompanied by a severe reduction in market liquidity, such as the events in the US sub-prime residential mortgage market. In such cases, observable market data may become less reliable or disappear altogether. If there is any doubt about the reliability of the market data due to either market illiquidity or unavailability, other valuation techniques are used. These alternative techniques would include scenario analysis and discounted cash flow calculations.

Unobservable inputs are estimated using a combination of management judgement, historical data, market practice and benchmarking to other relevant observable market data. Where inputs to the valuation of a new transaction cannot be reliably sourced from external providers, the transaction is initially recognised at its transaction price. The difference between the transaction price and the internal valuation at inception, calculated using a model, is reserved and amortised to income at appropriate points over the life of the instrument, typically taking account of the ability to obtain reliable external data, the passage of time and the use of offsetting transactions. Subsequent changes in fair value as calculated by the valuation model are reported in income.

Fair values include appropriate adjustments to account for known inadequacies in the valuation models or to reflect the credit quality of the instrument or counterparty. Factors that could affect estimates are incorrect model assumptions, market dislocations and unexpected correlation. We believe our estimates of fair value are adequate. However, the use of different models or assumptions could result in changes in our reported results.

Pension and post-retirement benefits

Significant pension and post-retirement benefit costs are based on actuarial calculations. Some assumptions are inherent within these calculations, including discount rates, salary increases and the expected return on plan assets. Changes in pension and post-retirement costs may occur in the future as a consequence of changes in interest rates, the return on assets or other factors.

ABN AMRO determines the appropriate discount rate at the end of each financial year. This is the interest rate that should be used to determine the present value of estimated future cash outflows

expected to be required to settle the benefit obligations. In determining the appropriate discount rate, ABN AMRO considers the interest rates of high-quality corporate bonds.

Tax – Current and Deferred

ABN AMRO is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain.

Impairment of available-for-sale instruments

A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset on reclassification into available-for-sale from trading have adversely affected the amount or timing of future cash flows from the assets.

Significant management judgement is involved where the determination of future cash flows requires consideration of a number of variables, some of which may be unobservable in current market conditions. This is the case for more complex instruments such as asset backed securities, where factors such as the estimated cash flows on underlying pools of collateral and changes in national or local conditions that correlate with defaults on the assets are considered.

Assessment of risk and rewards

Whenever ABN AMRO is required to assess risks and rewards, when considering the recognition and derecognition of assets or liabilities and the consolidation and deconsolidation of subsidiaries, ABN AMRO may sometimes be required to use judgment. Although management uses its best knowledge of current events and actions in making assessments of expected risk and rewards, actual risks and rewards may ultimately differ.

Basis of consolidation

The condensed interim financial statements include the parent company and its controlled subsidiaries. Subsidiaries are included using the same reporting period and consistent accounting policies. Intra-group balances and transactions, and any related unrealised gains, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of ABN AMRO's interest in the enterprise. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

Subsidiaries

Subsidiaries are those enterprises controlled by ABN AMRO. Control is deemed to exist when ABN AMRO has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are presently exercisable or convertible are taken into account when assessing whether control exists. ABN AMRO sponsors the formation of entities, including certain special purpose entities, which may or may not be directly owned, for the purpose of asset securitisation transactions and other narrow and well-defined objectives. Particularly in the case of securitisations these entities may acquire assets from other ABN AMRO companies. Some of these entities hold assets that are not available to meet the claims of creditors of ABN AMRO or any of its subsidiaries. Such entities are consolidated in ABN AMRO's financial statements when the substance of the relationship between ABN AMRO and the entity indicates that control is held by ABN AMRO. The financial statements of subsidiaries and special purpose entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Equity attributable to non-controlling interests is shown separately in the consolidated balance sheet as part of total equity. Current period profit or loss attributable to non-controlling interests is presented as an attribution of profit for the year.

Business combinations

ABN AMRO has adopted IFRS 3 (revised) to account for business combinations and IAS 27 (revised) to changes in accounting for noncontrolling interests and the loss of control of a subsidiary. All items of

consideration transferred by ABN AMRO are measured and recognised at fair value, including contingent consideration, as of the acquisition date. Transaction costs incurred by the acquirer in connection with the business combination do not form part of the cost of the business combination transaction but are expensed as incurred unless they relate to the issuance of debt or equity securities, in which case they are accounted for under IAS 39, “Financial Instruments: Recognition and Measurement”. The excess of the purchase consideration over ABN AMRO’s share of the fair value of the identifiable net assets acquired (including certain contingent liabilities) is recorded as goodwill. In a step acquisition, where a business combination occurs in stages and control of the business is obtained in stages, the identifiable assets and liabilities of the acquiree are recognised at fair value when control is obtained. A gain or loss is recognised in profit or loss for the difference between the fair value of the previously held equity interest in the acquiree and its carrying amount. Changes in interests in subsidiaries that do not result in a change of control are treated as transactions between equity holders and are reported in equity.

Equity accounted investments

Equity accounted investments comprises associates and joint ventures. Associates are those enterprises in which ABN AMRO has significant influence (this is generally assumed when ABN AMRO holds between 20% and 50% of the voting rights), but not control, over the operating and financial policies. Joint ventures are contractual agreements whereby ABN AMRO and other parties undertake an economic activity that is subject to joint control. Investments in associates of a private equity nature are designated to be held at fair value with changes through income, consistent with the management basis for such investments. Other investments, in associates and joint ventures including ABN AMRO’s strategic investments, are accounted for using the ‘Net equity method’ and presented as ‘Equity accounted investments’. Under this method the investment is initially recorded at cost and subsequently increased (or decreased) for post acquisition net income (or loss), other movements impacting the equity of the investee and any adjustments required for impairment. ABN AMRO’s share of profit or loss of the investee is recognised and separately disclosed in ABN AMRO’s income statement. When ABN AMRO’s share of losses exceeds the carrying amount of the investment, the carrying amount is reduced to zero, including any other unsecured receivables, and recognition of further losses is discontinued except to the extent that ABN AMRO has incurred obligations or made payments on behalf of the investee. The equity method is discontinued from the date joint control or significant influence ceases to exist.

Segment reporting

Operating segments are the segments that engage in business activities from which ABN AMRO earns income and incurs expenses. These segments are the reporting segments whose operating results are reviewed by the Managing Board on a monthly basis. Geographical data is presented annually according to the location of the transacting Group entity.

Foreign currency

The consolidated financial statements are stated in euros, which is the functional currency of ABN AMRO.

Foreign currency transactions

For individual entities of ABN AMRO, foreign currency transactions are accounted for using the exchange rate at the date of the transaction (or valuation when items are remeasured) Outstanding balances in foreign currencies at year end are translated at year-end exchange rates for monetary items. Translation of non-monetary items depends on whether the non-monetary items are carried at historical cost or at fair value. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction (no remeasurement). Non-monetary items that are carried at fair value are translated using the exchange rate on the date that the fair values are determined. The resulting exchange differences are recorded in the income statement as foreign currency gains (losses), except for those non-monetary items whose fair value change is recorded in equity. The distinction between exchange differences (recognised in the income statement) and unrealised fair value

results (recognised in equity) on available-for-sale financial assets is determined according to the following rules:

- the exchange differences are determined based on the evolution of the exchange rate calculated on the previous balances in foreign currency;
- the unrealised (fair value) results are determined based on the difference between the balances in euros of the previous and the new period, converted at the new exchange rate.

Foreign currency translation

On consolidation, the income statement and cash flow statement of entities whose functional currency is not denominated in euros are translated into the presentation currency of ABN AMRO (euros), at the exchange rate at the date of the transaction and their balance sheets are translated using the exchange rates prevailing at the balance sheet date. Translation exchange differences are recognised in equity under the heading 'currency translation reserve'. On disposal of a foreign entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale. Exchange differences arising on monetary items, borrowings and other currency instruments, designated as hedges of a net investment in a foreign operation are recorded in equity (under 'currency translation reserve') in the consolidated financial statements, until the disposal of the net investment, except for any hedge ineffectiveness that is immediately recognised in the income statement. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate on the balance sheet date. All resulting differences are recognised in equity under the heading 'currency translation reserve' until disposal of the foreign entity when a recycling to the income statement takes place.

Fiduciary activities

ABN AMRO commonly acts as trustee and in other fiduciary capacities that entail either the holding or placing of assets on behalf of individuals, trusts or other institutions. These assets are not assets of ABN AMRO and are therefore not included in these financial statements.

Trade and settlement date

All purchases and sales of financial assets requiring delivery within the timeframe established by regulation or market convention are recognised on the trade date, which is the date when ABN AMRO becomes a party to the contractual provisions of the financial assets.

Forward purchases and sales other than those requiring delivery within the timeframe established by regulation or market convention are recognised as derivative forward transactions until settlement.

Interest income and expenses

Interest income and expense is recognised in the income statement using the effective interest rate method. The application of this method includes the amortisation 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. Income from debt and other fixed-income instruments is recognised using the effective interest method in interest income.

Fee and commission income

Fees as integral part of effective interest rate

Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. This is the case for origination fees, received as compensation for activities such as evaluating the borrower's financial condition and evaluating and recording guarantees, and also for origination fees received on issuing financial liabilities measured at amortised cost. Both types of fees are deferred and recognised as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value through profit or loss, the fees are recognised as revenue when the instrument is initially recognised.

Fees recognised as services are provided

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

Fees recognised upon completion of the underlying transaction

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

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, dividends received from trading instruments as well as related funding costs. Dividend income from trading instruments is recognised when entitlement is established. Net trading income also includes changes in fair value arising from changes in counter-party credit spreads and changes in ABN AMRO's credit spreads where it impacts the value of ABN AMRO's derivative 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 certain hedging programmes, the change in fair value of derivatives used to hedge credit risks 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 recognised when entitlement is established.

Financial assets and liabilities

ABN AMRO classifies financial assets and liabilities based on the business purpose of entering into these transactions.

Financial assets

Financial assets can be classified as assets held for trading, investments, due from banks and due from customers.

The measurement and income recognition in the income statement depend on the IFRS classification of the financial assets, i.e.: (a) loans and receivables; (b) held-to-maturity investments; (c) financial assets at fair value through profit or loss and (d) available-for-sale financial assets. This IFRS classification determines the measurement and recognition as follows:

- Loans and receivables are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation in the income statement.
- Held-to-maturity investments consist of instruments with fixed or determinable payments and fixed maturity for which the positive intent and ability to hold to maturity is demonstrated. They are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.
- Financial assets at fair value through profit or loss include:
 - financial assets held for trading;
 - financial assets that ABN AMRO has irrevocably designated at initial recognition or first time adoption of IFRS as held at fair value through profit or loss, because:

- the host contract includes an embedded derivative that would otherwise require separation;
 - it eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch'); this includes derivative instruments that do not qualify for hedge accounting, recognised in 'Other Assets';
 - it relates to a portfolio of financial assets and/or liabilities that are managed and evaluated on a fair value basis.
- Available-for-sale financial assets are those assets that are otherwise not classified as loans and receivables, held-to maturity investments, or financial assets designated at fair value through profit or loss. Available-for-sale financial assets are initially measured at fair value (including transaction costs), and are subsequently measured at fair value with unrealised gains or losses from fair value changes reported in equity. For impaired available-for-sale assets, unrealised losses previously recognised in equity are transferred to the income statement when the impairment occurs.

Financial liabilities

Financial liabilities are classified as liabilities held for trading, due to banks, due to customers, debt certificates, subordinated liabilities and other borrowings. The measurement and recognition in the income statement depends on the IFRS classification of the financial liabilities, i.e.: (a) financial liabilities at fair value through profit or loss, and (b) other financial liabilities. This IFRS classification determines the measurement and recognition in the income statement as follows:

- Financial liabilities at fair value through profit or loss include:
 - financial liabilities held for trading;
 - financial liabilities that ABN AMRO has irrevocably designated at initial recognition or first time adoption of IFRS as held at fair value through profit or loss, because:
 - the host contract includes an embedded derivative that would otherwise require separation;
 - it eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') ; this includes derivative instruments that do not qualify for hedge accounting, included in 'Other Liabilities';
 - it relates to a portfolio of financial assets and/or liabilities that are managed and evaluated on a fair value basis.
- Other financial liabilities are initially recognised at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

Assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking;
- a derivative (except for a derivative that is a designated and effective hedging instrument).

Assets and liabilities held for trading are initially recognised at cost and subsequently measured at fair value through profit or loss. The (realised and unrealised) results, the interest received (paid), dividends received on assets (liabilities) held for trading are reported as 'Net Trading income'.

Recognition and derecognition

Traded instruments are recognised on trade date, defined as the date on which ABN AMRO commits to purchase or sell the underlying instrument. In the infrequent event when settlement terms are non-

standard the commitment is accounted for as a derivative between trade and settlement date. Loans and receivables are recognised when they are acquired or funded by ABN AMRO and derecognised when settled. Issued debt is recognised when issued and deposits are recognised when the cash is deposited with ABN AMRO. Other financial assets and liabilities, including derivatives, are recognised in the balance sheet when ABN AMRO becomes party to the contractual provisions of the asset or liability.

Financial assets are generally derecognised when ABN AMRO loses control and the ability to obtain benefits over the contractual rights that comprise that asset. This occurs when the rights are realised, expire, substantially all risk and rewards are transferred, although control is transferred. If a servicing function is retained, which is profitable, a servicing asset is recognised.

Financial instruments continue to be recognised in the balance sheet, and a liability recognised for the proceeds of any related funding transaction, unless a fully proportional share of all or specifically identified cash flows are transferred to the lender without material delay and the lender's claim is limited to those cash flows and substantially all the risks and returns and control associated with the financial instruments have been transferred, in which case that proportion of the asset is derecognised.

ABN AMRO securitises various consumer and commercial financial assets. This process generally necessitates a sale of these assets to a special purpose entity (SPE), which in turn issues securities to investors. ABN AMRO's interests in securitised assets may be retained in the form of senior or subordinated tranches, issued guarantees, interest-only strips or other residual interests, together referred to as retained interest. In many cases these retained interests convey control, such that the SPE is consolidated, and the securitised assets continue to be recognised in the consolidated balance sheet.

A financial liability is derecognised when the obligations specified in the contract are discharged, cancelled or expire. ABN AMRO derecognises financial liabilities when settled or if ABN AMRO repurchases its own debt. The difference between the former carrying amount and the consideration paid is included in results from financial transactions in income. Any subsequent resale is treated as a new issuance.

Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are initially recognised at fair value and subsequently measured at the higher of the discounted best estimate of the obligation under the guarantee and the amount initially recognised less cumulative amortisation to reflect revenue recognition principles.

Offsetting

Financial assets and liabilities are offset and the net amount reported on the balance sheet if there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Reclassifications

Derivatives are not reclassified into and out of the fair value through profit or loss category while they are held or issued. Financial instruments designated at fair value through income upon initial recognition are not reclassified out of that category. Non-derivative financial assets classified as held for trading upon initial recognition, if they are no longer held for the purpose of selling or repurchasing in the near term, may be reclassified out of the fair value through income category if certain requirements are met. No financial instrument is reclassified into the fair value through income category after initial recognition.

Measurement

All trading instruments and financial assets and liabilities designated at fair value are measured at fair value, with transaction costs related to the purchase as well as fair value changes taken to income directly.

The measurement of liabilities held at fair value includes the effect of changes in own credit spreads. The change in fair value applies to those financial liabilities designated at fair value.

All derivatives are recorded in the balance sheet at fair value with changes recorded through income except when designated in cash flow or net investment hedge relationship (see hedge accounting below).

Available-for-sale assets are held at fair value with unrealised gains and losses recognised directly in equity, net of applicable taxes. Interest earned, premiums, discounts and qualifying transaction costs of interest-earning available for sale assets are amortised to income on an effective interest rate basis. When available-for-sale assets are sold, collected or impaired the cumulative gain or loss recognised in equity is transferred to results from financial transactions in income.

All other financial assets and liabilities are initially measured at cost including directly attributable incremental transaction costs. They are subsequently valued at amortised cost using the effective interest rate method.

Through use of the effective interest rate method, premiums and discounts, including qualifying transaction costs, included in the carrying amount of the related instrument are amortised over the period to maturity or expected prepayment on the basis of the instrument's original effective interest rate. When available, fair values are obtained from quoted market prices in active liquid markets. For instruments where no active liquid market exists, or quoted prices are unobtainable, recent market transactions are used or the fair value is estimated using a variety of valuation techniques – including reference to similar instruments for which market prices do exist or valuation models, such as discounted cash flow or Black-Scholes. ABN AMRO refines and modifies its valuation techniques as markets and products develop and the pricing for individual products becomes more transparent.

Valuation models are validated prior to use by employees independent of the initial selection or creation of the models. Wherever possible, inputs to valuation models represent observable market data from reliable external data sources. Unobservable inputs are estimated using a combination of management judgement, historical data, market practice and benchmarking to other relevant observable market data.

Where significant inputs to the valuation of a new transaction cannot be reliably sourced from external providers, the transaction is initially recognised at its transaction price. The difference between the transaction price and the internal valuation at inception, calculated using a model, is reserved and amortised to income at appropriate points over the life of the instrument, typically taking account of the ability to obtain reliable external data, the passage of time and the use of offsetting transactions. Subsequent changes in fair value as calculated by the valuation model are reported in income.

Fair values include appropriate adjustments to account for known inadequacies and uncertainties in valuation models or to reflect the credit quality of the instrument or counterparty.

The change in fair value of notes designated at fair value through income attributable to changes in credit risk are calculated by reference to the credit spread implicit in the market value of ABN AMRO's senior notes.

Impairment of available-for-sale instruments

ABN AMRO performs a review of individual available-for-sale securities on a regular basis to determine whether any evidence of impairment exists. This review considers factors such as any reduction in fair value below cost, its direction and whether the reduction is significant or prolonged, and the credit standing and prospects of the issuer.

In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is moved from equity and recognised in the income statement within results from financial transactions.

Loans and receivables from banks and customers

Classification

Loans and receivables from banks and customers include loans originated by ABN AMRO, by providing money directly to the borrower or to a sub-participation agent and loans purchased from third parties that are carried at amortised cost. Debt securities acquired on the primary market directly from the issuer are recorded as loans, provided there is no active market for those securities. Loans that are originated or

purchased with the intent to be sold or securitised in the short-term are classified as assets held for trading. Loans that are designated as held at fair value through profit or loss or available-for-sale are classified as such at initial recognition.

Professional securities transactions

Securities borrowing and securities lending transactions are generally entered into on a collateralised basis, with securities usually advanced or received as collateral. The transfer of the securities themselves is not reflected on the balance sheet unless the risks and rewards of ownership are also transferred. If cash is advanced or received, securities borrowing and lending activities are recorded at the amount of cash advanced (included in loans and receivables) or received (due to banks or customers). The market value of the securities borrowed and lent is monitored on a daily basis, and the collateral levels are adjusted in accordance with the underlying transactions. Fees and interest received or paid are recognised on an effective interest basis and recorded as interest income or interest expense.

Sale and repurchase transactions involve purchases (sales) of investments with agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans and receivables to either banks or customers. The receivables are shown as collateralised by the underlying security. Investments sold under repurchase agreements continue to be recognised in the balance sheet. The proceeds from the sale of the investments are reported as liabilities to either banks or customers. The difference between the sale and repurchase price is recognised over the period of the transaction and recorded as interest income or interest expense, using the effective interest method. If borrowed securities are sold to third parties, the proceeds from the sale and a liability for the obligation to return the collateral are recorded at fair value.

Measurement

Incremental costs incurred and loan origination fees earned in securing a loan are deferred and amortised over the life of the loan as an adjustment to the yield.

Impairment of loans and 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 of commercial clients every six or twelve months 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 are not included in a collective assessment of impairment. Indications that there is a measurable decrease in estimated future cash flows from a portfolio of loans, although the decrease cannot yet be identified with the individual loans in the portfolio, 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.

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 recognised 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. 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 loan impairment and other credit risk provisions.

Following impairment, interest income is recognised using the original effective rate of interest. 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 realisation are reflected in the balance sheet as a disposal of the loan and an acquisition of a new asset, initially booked at fair value.

Hedge accounting

ABN AMRO uses derivative instruments to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions. ABN AMRO applies fair value, cash flow or net investment hedging to qualifying transactions that are documented as such at inception. The hedged item can be an asset, liability, highly probable forecasted transaction or net investment in a foreign operation that (a) exposes the entity to risk of changes in fair value or future cash flows and (b) is designated as being hedged. The risk being hedged (the 'hedged risk') is typically changes in interest rates or foreign currency rates. ABN AMRO also enters into credit risk derivatives (sometimes referred to as 'credit default swaps') for managing portfolio credit risk. However, these are generally not included in hedge accounting relationships.

Both at the inception of the hedge and on an ongoing basis, ABN AMRO formally assesses whether the derivatives used in its hedging transactions have been highly effective in offsetting changes in the fair value or cash flows of the hedged item, by assessing and measuring whether changes in the fair value or cash flows of the hedged item are offset by the changes in the fair value or cash flows of the hedging instrument.

Hedge ineffectiveness represents the amount by which the changes in the fair value of the derivative are in excess of changes:

- in the fair value of the hedged item in a fair value hedge, or
- in the value of a net investment in a net investment in a foreign operation hedge, or
- in the fair value change of the expected cash flow in a cash flow hedge.

Hedge ineffectiveness and gains and losses on components of a derivative that are excluded from the assessment of hedge effectiveness are recorded directly in income. ABN AMRO discontinues hedge accounting when the hedge relationship has ceased to be effective or is no longer expected to be effective, or when the derivative or hedged item is sold or otherwise terminated.

Fair value hedges

Where a derivative financial instrument hedges the exposure to changes in the fair value of recognised or committed assets or liabilities, the hedged item is adjusted in relation to the risk being hedged. Gains or losses on re-measurement of both the hedging instrument and the hedged item are recognised in the income statement. When a fair value hedge of interest rate risk is terminated, any value adjustment to the carrying amount of the hedged asset or liability is amortised to income over the original designated hedging period or taken directly to income if the hedged item is sold, settled or impaired.

Cash flow hedges

When a derivative financial instrument hedges the exposure to variability in the cash flows from recognised assets, liabilities or anticipated transactions, the effective part of any gain or loss on re-measurement of the hedging instrument is recognised directly in equity. When a cash flow hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity.

The cumulative gain or loss recognised in equity is transferred to the income statement at the time when the hedged transaction affects net profit or loss and included in the same line item as the hedged transaction. In the exceptional case that the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in the income statement immediately.

Hedge of a net investment in a foreign operation

ABN AMRO uses foreign currency derivatives and currency borrowings to hedge various net investments in foreign operations. For such hedges, currency translation differences arising on translation of the currency of these instruments to euro are recognised directly in the currency translation account in equity, insofar as they are effective. The cumulative gain or loss recognised in equity is transferred to the income statement on the disposal of the foreign operation.

Adoption of EU carved out version of IAS 39

Under the EU adopted 'carved out' version of IAS 39 for specific identified portfolios, the impact of the changes in the estimates of the repricing dates is only considered ineffective if it leads to under hedging. Any hedge ineffectiveness is immediately recognised in the income statement. When the hedge of a forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of that non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as profit or loss in the periods during which the hedged firm commitment or forecasted transaction affects the income statement. This also applies if the hedge no longer meets the criteria for hedge accounting or is otherwise discontinued, but the hedged forecasted transactions or firm commitments are still expected to occur. If the hedged forecasted transactions or firm commitments are no longer expected to occur, the amounts deferred in equity are transferred to the income statement directly.

Renegotiated loans

Where possible, ABN AMRO seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the items have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loans original effective interest rate.

Other receivables

Other receivables arising from the normal course of business and originated by ABN AMRO are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method, less impairments.

Property and equipment

Own use assets

Property and equipment is stated at cost less accumulated depreciation and any amount for impairment. If an item of property and equipment is comprised of several major components with different useful lives, each component is accounted for separately. Additions and subsequent expenditures (including accrued interest) are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the asset. Expenditure incurred to replace a component of an asset is separately capitalised and the replaced component is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefit of the item of property and equipment. All other expenditure, including maintenance, is recognised in the income statement as incurred. When an item of property and equipment is retired or disposed, the difference between the carrying amount and the disposal proceeds net of costs is recognised in other operating income. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property and equipment, and major components that are accounted for separately. ABN AMRO generally uses the following estimated useful lives:

- Land not depreciated;
- Buildings 25 to 50 years;
- Equipment 5 to 12 years;
- Leasehold improvements 10 to 25 years;
- Computer installations 2 to 5 years.

Depreciation rates and residual values are reviewed at least annually to take into account any change in circumstances. Capitalised leasehold improvements are depreciated in a manner that takes into account the term and renewal conditions of the related lease.

Investment property

Investment properties are those properties held to earn rental income or for capital appreciation. ABN AMRO may also use certain investment properties for its own use. If the own use portions can be sold separately or leased out separately under a finance lease, these portions are accounted for as property and equipment. If the own use portions cannot be sold separately, the property is treated as investment property only if ABN AMRO holds an insignificant portion for its own use.

Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful life. The residual value and the useful life of investment property are determined for each significant part separately (component approach) and are reviewed at each year-end.

ABN AMRO rents its investment property under various non-cancellable rental contracts. Certain contracts contain renewal options for various periods of time; the rental income associated with these contracts is recognised on a straight-line basis over the rental term as investment income.

Transfers to, or from, investment property are only made when there is a change of use:

- into investment property at the end of owner-occupation, or at the start of an operating lease to another party;
- out of investment property at the commencement of owner-occupation.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Intangible assets

Goodwill

Goodwill is capitalised and stated at cost, being the excess of the cost of an acquisition over the fair value of ABN AMRO's share of the acquired entity's net identifiable assets at the date of acquisition, less any accumulated impairment losses. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. If the recognition of the assessed fair value of acquired assets and liabilities at the time of acquisition took place on the basis of provisional amounts any changes in the assessed fair value of acquired assets and liabilities at the time of acquisition, identified within one year following the acquisition are corrected against goodwill. Any revisions identified after one year are recorded in income. Goodwill on the acquisition of equity accounted investments is included in the carrying amount of the investment. Gains and losses on the disposal of an entity, including equity accounted investments, are determined as the difference between the sale proceeds and the carrying amount of the entity including related goodwill and any currency translation differences recorded in equity. Goodwill is not amortised but is subject to an annual test for impairment or more frequently if

events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test.

Software

Costs that are directly associated with identifiable software products that are controlled by ABN AMRO, and likely to generate future economic benefits exceeding these costs, are recognised as intangible assets and stated at cost less accumulated amortisation and any adjustment for impairment losses. Expenditure that enhances or extends the performance of computer software beyond its original specification is recognised as a capital improvement and added to the original cost of the software. Software is amortised over a maximum of five years. Amortisation rates and residual values are reviewed at least annually to take into account any change in circumstances. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Other intangible assets

Other intangible assets that are acquired by ABN AMRO are stated at cost less accumulated amortisation and any adjustment for impairment losses. Other intangible assets are comprised of separately identifiable items arising from acquisition of subsidiaries, such as customer relationships, and certain purchased trademarks and similar items. Amortisation is charged to the income statement systematically over the estimated useful lives of the intangible asset. Amortisation rates and residual values are reviewed at least annually to take into account any change in circumstances.

Impairment of non-financial assets

Property, equipment and intangibles are assessed at each balance sheet date or more frequently, to determine whether there is any indication of impairment. If any such indication exists, the assets are subject to an impairment review. Regardless of any indications of potential impairment, the carrying amount of goodwill is subject to a detailed impairment review at least annually. An impairment loss is recognised whenever the carrying amount of an asset that generates largely independent cash flows or the cash-generating unit to which it belongs exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. When conducting impairment reviews, particularly for goodwill, cash-generating units are the lowest level at which management monitors the return on investment on assets.

The impairment analysis of goodwill and other intangibles requires management to make subjective judgements concerning estimates of how the acquired asset will perform in the future using a discounted cash flow analysis. Additionally, estimated cash flows may extend beyond ten years and, by their nature, are difficult to determine. Events and factors that may significantly affect the estimates include, among others, competitive forces, customer behaviours and attrition, changes in revenue growth trends, cost structures and technology, and changes in discount rates and specific industry or market sector conditions.

Impairment losses are recognised in the income statement as a component of depreciation and amortisation expense. An impairment loss with respect to goodwill is not reversible. Other impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

Leasing

As lessee: most of the leases that ABN AMRO has entered into are classified as operating leases (including property rental). The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense. When it is decided that an operating lease will be terminated or vacated before the lease period has expired, the lesser of any penalty payments required and the remaining payments due once vacated (less sub-leasing income) is recognised as an expense. As lessor: assets subject to operational leases are included in property and equipment. The asset is depreciated on a straight-line basis over its useful life to its estimated residual value. Leases where ABN AMRO transfers substantially all the risks and rewards resulting from ownership of an asset to the

lessee are classified as finance leases. A receivable at an amount equal to the present value of the lease payments, using the implicit interest rate, including any guaranteed residual value, is recognised. Finance lease receivables are included in loans and receivables to customers.

Non-current assets held for sale and discontinued operations

Non-current assets and/or businesses are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction planned to occur within 12 months, rather than through continuing use. Held for sale assets are not depreciated and are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities of a business held for sale are separately presented. Businesses that may be transferred to shareholders by means of a distribution will not be presented as businesses held for sale. The results of discontinued operations (an operation held for sale that represents a separate major line of business or a geographical area of operation) are presented in the income statement as a single amount comprising the net results of the discontinued operations and the after-tax gain or loss realised on disposal. Corresponding income statement data is re-presented if in the current period an activity qualifies as a discontinued operation and qualifies for separate presentation.

Provisions

A provision is recognised in the balance sheet when ABN AMRO has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when an obligation exists. An obligation exists when ABN AMRO has approved a detailed plan and has raised a valid expectation in those affected by the plan by starting to implement the plan or by announcing its main features. Future operating costs are not provided for. Provisions for insurance risks are determined by actuarial methods, which include the use of statistics, interest rate data and settlement cost expectations.

Pension and other post-retirement benefits

For employees in the Netherlands and the majority of staff employed outside the Netherlands, pension or other retirement plans have been established in accordance with the regulations and practices of the countries in question. Separate pension funds or third parties administer most of these plans. The plans include both defined contribution plans and defined benefit plans. In the case of defined contribution plans, contributions are charged directly to the income statement in the year to which they relate.

The plans are generally funded through payments to insurance companies or trustee administered plans, determined by periodic actuarial calculations. Qualified actuaries calculate the pension assets and liabilities at least annually.

The net obligations under defined benefit plans are regarded as ABN AMRO's own commitments regardless of whether these are administered by a pension fund or in some other manner. The net obligation of each plan is determined as the difference between the present value of the defined benefit obligations and the fair value of plan assets, together with adjustments for unrecognised past-service costs.

Pension obligations

Defined benefit plan pension commitments are calculated by independent actuaries in accordance with the projected unit credit method of actuarial cost allocation. Under this method, the present value of pension commitments is determined on the basis of the number of active years of service up to the balance sheet date and the estimated employee salary at the time of the expected retirement date, and is discounted using the market rate of interest on high-quality corporate bonds.

Pension costs of the year are based on the expected service and interest costs and the expected return on the plan assets, plus the impact of any current period curtailments or plan amendments. The impact of any plan amendment is broken down into elements which relate to past service (for example, accrual rate) and elements which are dependent on future service (such as the impact of future salary increases

included in the defined benefit obligation). Having bifurcated the plan amendment into mutually exclusive past and future service elements, negative past service cost or curtailment accounting treatment is applied for the respective elements. Pension costs are charged to the income statement to spread the pension costs over the service lives of employees.

Net cumulative unrecognised actuarial gains and losses for defined benefit plans exceeding the corridor (greater than 10% of the present value of the defined benefit obligation or 10% of the fair value of any plan assets) are recognised in the income statement over the average remaining services lives of the employees.

Differences between pension costs and the contributions payable are accounted for as provisions or prepayments. Commitments relating to early retirement of employees are treated as pension commitments.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the past service cost is recognised immediately in the income statement.

Assets that support the pension liabilities of an entity must meet certain criteria in order to be classified as 'qualifying pension plan assets'. These criteria relate to the fact that the assets should be legally separate from its sponsor or its creditors. If these criteria are not met, the assets are included in the relevant item on the balance sheet (such as financial investments, property and equipment).

If the assets meet the criteria, they are netted against the pension liability. When the fair value of plan assets is netted against the present value of the obligation of a defined benefit plan, the resulting amount could be a negative (an asset). In this case, the recognised asset cannot exceed the total of any cumulative unrecognised net actuarial losses and service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Other post-retirement benefits

Some group companies provide post-retirement benefits, like long-term service benefits and post-retirement healthcare, to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. These obligations are valued annually.

ABN AMRO's net obligation with respect to post-retirement benefits is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated by independent qualified actuaries using the projected unit credit method. It is then discounted to its present value and the fair value of any related assets is deducted.

Tax – current and deferred

Tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The future tax benefit of tax losses available for carry forward is recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax is also recognised for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The most significant temporary differences arise from the revaluation of certain financial assets and liabilities including derivative contracts, allowances for loan impairment, provisions for pensions and business combinations.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

Deferred tax liabilities are recognised for all taxable temporary differences, except in the following cases: where the deferred tax liability arises from the initial recognition of goodwill of an asset or liability in a

transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except in the following cases: where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and liability simultaneously.

Issued debt and equity securities

Issued debt securities are recorded on an amortised cost basis using the effective interest rate method, unless they are of a hybrid/structured nature and designated to be held at fair value through profit or loss.

Issued financial instruments or their components are classified as liabilities where the substance of the contractual arrangement results in ABN AMRO having a present obligation to either deliver cash or another financial asset or to satisfy the obligation other than by the exchange of a fixed number of equity shares. Preference shares that carry a non-discretionary coupon or are redeemable on a specific date or at the option of the holder are classified as liabilities. The dividends and fees on preference shares classified as a liability are recognised as interest expense.

Issued financial instruments, or their components, are classified as equity when they do not qualify as a liability and represent a residual interest in the assets of ABN AMRO. Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary. The components of issued financial instruments that contain both liability and equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the instrument's initial value the fair value of the liability component.

Dividends on ordinary shares and preference shares classified as equity are recognised as a distribution of equity in the period in which they are approved by shareholders.

Share capital and other components of equity

Share issue costs

Incremental costs directly attributable to the issue of new shares or share options, other than on a business combination, are deducted from equity net of any related income taxes.

Preference shares

Preference shares which are non-redeemable and upon which dividends are declared at the discretion of the directors are classified as equity.

Compound financial instruments

Components of compound financial instruments (liability and equity parts) are classified in their respective area of the statement of financial position.

Currency translation reserve

The currency translation account is comprised of all currency differences arising from the translation of the financial statements of foreign operations net of the translation impact on liabilities or foreign

exchange derivatives held to hedge ABN AMRO's net investment. These currency differences are included in income on disposal or partial disposal of the operation.

Available-for-sale reserve

In this component, gains and losses arising from a change in the fair value of available-for-sale assets are recognised, net of taxes, excluding impairment losses recognised in the income statement and fair value changes on financial instruments in a fair value hedge relation. When the relevant assets are sold, impaired or otherwise disposed of, the related cumulative gain or loss recognised in equity is transferred to the income statement.

Cash flow hedging reserve

The cash flow hedging reserve is comprised of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of taxes, related to hedged transactions that have not yet occurred.

Off-balance sheet items

Contingencies

Contingencies are those uncertainties where an amount cannot be reasonably estimated or when it is not probable that payment will be required to settle the obligation.

Commitments

Loan commitments that allow for draw down of a loan within the timeframe generally established by regulation or convention in the market place are not recognised as derivative financial instruments. Loan commitments that are designated as at fair value through profit or loss or where ABN AMRO has a past practice of selling the assets resulting from its loan commitments are recognised on the balance sheet at fair value with the resulting change recognised in the income statement. Acceptances comprise undertakings by ABN AMRO to pay bills of exchange drawn on customers. ABN AMRO expects most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances are not recognised in the balance sheet and are disclosed as commitments.

Cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand, freely available balances with central banks, net credit balances on current accounts with other banks and other non-derivative financial instruments, subject to an insignificant risk of changes in value, with less than three months maturity from the date of acquisition.

ABN AMRO reports cash flows from operating activities using the indirect method, whereby the net result is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest received and interest paid is presented as cash flows from operating activities in the cash flow statement. Dividends received are classified as cash flows from operating activities. Dividends paid are classified as cash flows from financing activities.

REGISTERED OFFICE OF THE ISSUER

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

ARRANGERS

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Morgan Stanley & Co. Incorporated
1585 Broadway, 29th Floor
New York, New York 10036
United States of America

AGENTS

Morgan Stanley & Co. Incorporated
1585 Broadway, 29th Floor
New York, New York 10036
United States of America

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Barclays Capital Inc.
745 Seventh Avenue
New York, New York 10019
United States of America

Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013
United States of America

Deutsche Bank Securities Inc.
60 Wall Street
New York, New York 10005
United States of America

Goldman, Sachs & Co.
200 West Street
New York, New York 10013
United States of America

J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179
United States of America

**Merrill Lynch, Pierce, Fenner & Smith
Incorporated**
One Bryant Park
New York, New York 10036
United States of America

RBS Securities Inc.
600 Washington Boulevard
Stamford, Connecticut 06901
United States of America

UBS Securities LLC
677 Washington Boulevard
Stamford, Connecticut 06901
United States of America

FISCAL AGENT & TRANSFER AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

**US REGISTRAR &
PAYING AGENT**

The Bank of New York Mellon, New York
101 Barclay Street
New York, NY 10286
United States of America

**EUROPEAN REGISTRAR &
PAYING AGENT**

**The Bank of New York Mellon
(Luxembourg) S.A.**
Vertigo Building – Polaris
2-4, rue Eugene Ruppert
L-2453 Luxembourg

LEGAL ADVISERS

Legal advisers to the Issuer as to Dutch law

Freshfields Bruckhaus Deringer LLP
Strawinskylaan 10
1077 XZ Amsterdam
The Netherlands

Legal advisers to the Issuer as to US law

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS
United Kingdom

Legal advisers to the Agents as to Dutch law

Clifford Chance LLP
Droogbak 1A
1013 GE Amsterdam
The Netherlands

Legal advisers to the Agents as to US law

Sidley Austin LLP
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA
United Kingdom

INDEPENDENT PUBLIC ACCOUNTANTS

*To ABN AMRO Group in relation to the ABN AMRO Group's Interim Financial Report 2010
and to Fortis Bank (Nederland) N.V. in relation to the
2009 FBN Annual Report and 2008 FBN Financial Statements*

KPMG Accountants N.V.
Laan van Langerhuize 1
1186 DS Amstelveen
The Netherlands

To ABN AMRO Bank N.V. in relation to the 2009 ABN AMRO Bank Annual Review

Deloitte Accountants B.V.
Orlyplein 10
1040 HC Amsterdam
The Netherlands

