



## ABN AMRO Bank N.V.

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

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

Under this Debt Issuance Program (the "**Program**"), US Senior Medium Term Notes (the "**Senior Notes**") and Subordinated Medium Term Notes (the "**Subordinated Notes**"); and the Senior Notes together with the Subordinated Notes herein collectively referred to as the "**Notes**") are being offered on a continuous basis by ABN AMRO Bank N.V. ("**ABN AMRO Bank**" or the "**Issuer**") from time to time through one or more of the agents appointed by the Issuer from time to time (for so long as each shall so remain, an "**Agent**" and, collectively, the "**Agents**"). The aggregate principal amount of Notes outstanding at any one time may not exceed US\$25,000,000,000 (or its equivalent based upon the applicable exchange rate at the time of issuance, if any Notes are denominated in one or more non-US currencies or currency units), subject to increase as described in this base prospectus (the "**Base Prospectus**"). The Senior Notes will be unsecured and unsubordinated obligations and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations, save for those preferred by mandatory and/or overriding provisions of law. The Subordinated Notes will constitute unsecured obligations of the Issuer and will rank (i) *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) and (ii) junior to those obligations expressed by their terms to rank in priority to the Subordinated Notes and those preferred by mandatory and/or overriding provisions of law. The Senior Notes and the Subordinated Notes are governed by the laws of The Netherlands. The Agents have agreed to use reasonable best efforts to solicit purchasers of such Notes. The Issuer may sell Notes to an Agent acting as principal for its own account for resale to investors and other purchasers. The Issuer has also reserved the right to sell, and may solicit and accept offers to purchase, Notes directly on its own behalf. The terms of each particular issue of Notes will be established by the Issuer and specified in the applicable Pricing Term Sheet and/or Final Terms (each as defined in "**Important Information**"). The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law, and are being offered and sold, (A) within the United States to "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act, and (B) in an offshore transaction to a non US person within the meaning of Regulation S in accordance with Rule 903 or 904 of Regulation S under the Securities Act ("**Regulation S**"), in each case in accordance with applicable securities laws of any state of the United States. Prospective purchasers are hereby notified that the seller of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Issuer reserves the right to withdraw, cancel or modify the offer made hereby without notice. The Issuer or the Agents may reject any offer to purchase Notes, in whole or in part. See "**Plan of Distribution**".

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

**Prospective investors should carefully consider the risks described under the section headed "Risk Factors" beginning on page 12 of this Base Prospectus prior to making an investment decision with respect to the Notes.**

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

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

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

**ABN AMRO Bank**

**Morgan Stanley**

**Barclays  
Goldman, Sachs & Co.**

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

**Citigroup  
RBS**

**Deutsche Bank Securities  
UBS Investment Bank**

**BASE PROSPECTUS DATED 28 APRIL 2014**

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## NOTICE TO PURCHASERS

THE ISSUER HAS NOT REGISTERED THE NOTES NOR DOES THE ISSUER INTEND TO, OR HAVE ANY OBLIGATION TO, REGISTER THE NOTES PURSUANT TO THE SECURITIES ACT OR UNDER THE SECURITIES LAWS OF ANY STATE AND THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. 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 FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND IN AN OFFSHORE TRANSACTION TO A NON US PERSON WITHIN THE MEANING OF REGULATION S IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT.

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

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

5. It agrees on its own behalf and on behalf of any institutional account for which it is purchasing Notes, to offer, sell or otherwise transfer such Notes (A) only in minimum principal amounts of US\$200,000 or, in the case of Notes not denominated in US dollars ("**Foreign Currency Notes**"), the equivalent thereof in such foreign currency, rounded down to the nearest 100,000 units of such foreign currency, and integral multiples of US\$1,000 or, in the case of Foreign Currency Notes, 1,000 units of such foreign currency in excess thereof, provided that in no event the minimum denomination will be lower than EUR 100,000 or the equivalent thereof at the date of issue of the relevant Notes and (B) prior to the date that is one year (or such shorter period of time as permitted by Rule 144(b) under the Securities Act) after the later of (i) the original issue date of such Notes (or any subsequent reopening) and (ii) the last date on which the Issuer thereof or any affiliate of the Issuer was the beneficial owner of such Notes (or any predecessor of such Notes) only (a) pursuant to the exemption from the registration requirements of the Securities Act provided by either Rule 144A or Regulation S, (b) to the Issuer or any of its subsidiaries or an Agent that is a party to the Private Placement Agreement dated 9 November 2010, as amended and restated on 28 April 2014, 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 5.
6. It acknowledges that the Registrar referred to herein will register the transfer of any Definitive Note resold or otherwise transferred by such purchaser pursuant to clauses (a) or (c) of the foregoing paragraph 5 only: (A) in the case of a sale or other transfer pursuant to such clause (a), upon receipt from the transferor of a certificate to the effect that the person making such certification is acquiring such Note (or beneficial interest) for its own account or one or more accounts with respect to which it exercises sole investment discretion and that it and each such account is a QIB; (B) in the case of a sale or other transfer pursuant to such clause (c), upon receipt of an opinion of counsel satisfactory to the Issuer.
7. Either (A) it is not (i) an employee benefit plan subject to Title I of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (ii) a plan subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**Code**"), (iii) an entity whose underlying assets include, or are deemed for purposes of ERISA or the code to include "plan assets" by reason of such plan investment in the entity, or (iv) a governmental, church or other plan ("**non-ERISA arrangement**") subject to provisions under applicable federal, state, local or non-US law that are similar to the requirements of section 404 of ERISA or Section 4975 of the Code ("**similar law**") or (B) its purchase and holding of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 404 of ERISA or 4975 of the Code or, in the case of a non-ERISA arrangement, its purchase and holding of such Notes will not constitute or result in a non-exempt violation of the provisions of any similar law.
8. It acknowledges that the Issuer, any Agents and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and it agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by it in connection with its purchase of Notes are no longer accurate, it shall promptly notify the Issuer and, if applicable, any Agent through which it purchased any Notes. If it is acquiring any Notes as a fiduciary or agent for one or more institutional accounts, it represents that it has sole investment discretion with respect to each such institutional account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such institutional account.

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

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

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

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

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

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

## OVERVIEW

*This overview must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference herein. Due to the complex nature of ABN AMRO's recent corporate history, selected definitions are used throughout this Overview (see "Selected Definitions and Abbreviations—Definitions" on page 302 for a concise overview of selected definitions used throughout this Base Prospectus).*

### **The Bank**

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

### **History and recent developments**

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

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

#### *EC Remedy*

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

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

The Dutch State announced that, in relation to ABN AMRO, the exit of its ownership will be evaluated in 2014. The Dutch State keeps all options open for a return to the private market for ABN AMRO, but has indicated it favors an Initial Public Offering ("**IPO**"). In August 2013, the Dutch Minister of Finance sent a letter to Parliament, stating that (i) an IPO is the most realistic exit strategy for ABN AMRO, (ii) the decision on the timing of the exit has been postponed to the fall of 2014, and (iii) the final decision will depend on four prerequisites: (a) the financial sector is stable, (b) the market is ready, (c) ABN AMRO is ready and (d) the intention is to recover as much as possible of the total investments. The minister has instructed ABN AMRO to start IPO preparations to be able to execute after a possible positive decision in

the fall of 2014. As of the date of this Base Prospectus, *Stichting administratiekantoor beheer financiële instellingen* (trade name NL Financial Investments, "NLFI") is the sole shareholder of ABN AMRO.

## Figures at a glance

In 2012, ABN AMRO finalized the integration of ABN AMRO Bank and Fortis Bank Nederland. In 2013, ABN AMRO presented its results on a reported basis, which means that historical periods will no longer be adjusted for costs related to the integration. Therefore all results are presented on a reported basis for 2013, 2012 and 2011. Furthermore, ABN AMRO adopted the amended pension accounting standard IAS 19 as from 1 January 2013. As a result, all 2012 disclosed figures have been adjusted accordingly for comparison purposes. In 2013, accrued interest is presented as part of the relevant balance sheets accounts, versus the separate line items (i) accrued income and prepaid expenses and (ii) accrued expenses and deferred income in previous years. This change has no impact on equity, total assets or net profit. All 2012 disclosed figures have been adjusted accordingly for comparison purposes. The 2011 disclosed figures have not been adjusted for the amended IAS 19 and accrued interest adjustments described above.

In 2013, ABN AMRO generated reported net profit of EUR 1,160 million (2012: reported net profit of EUR 1,153 million), had a reported cost/income ratio of 65% (2012: 64% reported), assets under management ("AuM") of EUR 168.3 billion (as at 31 December 2012: EUR 163.1 billion), total assets of EUR 372.0 billion (as at 31 December 2012: EUR 393.8 billion), risk-weighted assets of EUR 109.0 billion (as at 31 December 2012: EUR 121.5 billion) and a Tier 1 ratio of 15.3% (as at 31 December 2012: 12.9%).

### *Selected Consolidated financial information*

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>(in millions of euros)</i>	
Net interest income .....	5,380	5,028
Net fee and commission income .....	1,643	1,556
Other non-interest income .....	301	754
Operating income .....	7,324	7,338
Personnel expenses.....	2,357	2,151
Other expenses.....	2,413	2,535
Operating expenses .....	4,770	4,686
<i>Operating result</i> .....	2,554	2,652
Impairment charges on loans and other receivables .....	983	1,228
<i>Profit/(loss) before tax</i> .....	1,571	1,424
Income tax (expense)/credit .....	411	271
<b><i>Profit/(loss) for the period</i></b> .....	<b>1,160</b>	<b>1,153</b>
	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
Cost/income ratio .....	65%	64%
Return on average Equity (IFRS-EU).....	8.5%	8.5%
Return on average RWA (in bps) .....	99	92

	<b>As at 31 December</b>	
	<b>2013</b>	<b>2012</b>
RWA/Total assets .....	29%	31%
Assets under Management (in EUR billion) .....	168.3	163.1
Risk-weighted assets (in EUR billion) .....	109.0	121.5
FTEs .....	22,289	23,059

## **The Program and Terms and Conditions of the Notes**

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

**Risk Factors:** There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes and certain other risks related to the Notes issued under the Program. These factors and risks include risks relating to the Issuer (see "*Risk Factors—Risks relating to the Issuer's business and industry*") and factors which are material for the purpose of assessing the market risks associated with Notes issued under the Program, including in relation to the structure of a particular issue of Notes (see "*Risk Factors—Factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Program*" and "*Risk Factors—Risks related to the structure of a particular issue of Notes*"). These are set out under "*Risk Factors*" below and include the fact that the Issuer's results can be adversely affected by (i) general economic conditions and other business conditions, (ii) competition, (iii) regulatory change and (iv) general banking risks including changes in interest and foreign exchange rates and operational, credit, market, liquidity and legal risks.

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

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

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

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

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

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



<b>Trustee:</b>	None.
<b>Size:</b>	The aggregate principal amount (or, in the case of Notes issued at a discount from the principal amount, the aggregate initial offering price) of Notes outstanding at any time shall not exceed US\$25,000,000,000 or the approximate equivalent thereof in another currency calculated as at the issue date of the relevant Notes.
<b>Distribution:</b>	The Issuer is offering the Notes from time to time to or through the Agents. The Issuer may also sell Notes to the Agents acting as principals for resale to QIBs and to certain persons that are not US Persons (as defined in Regulation S) and may sell Notes directly on its own behalf. See " <i>Notice to Purchasers</i> " and " <i>Plan of Distribution</i> ". The method of distribution of each Tranche will be stated in the applicable Final Terms and/or Pricing Term Sheet.
<b>Currencies:</b>	Notes will be denominated in US dollars unless otherwise specified in the applicable Final Terms. Subject to any applicable legal or regulatory restrictions, the Issuer may also issue Notes denominated in such currencies as may be agreed between the Issuer and the relevant Agent (if any), including, without limitation, Australian dollars, Canadian dollars, Euro, Hong Kong dollars, New Zealand dollars, Sterling, Swiss francs and Japanese yen. See " <i>Special Provisions Relating to Foreign Currency Notes</i> ".
<b>Maturities:</b>	Any maturity, subject to applicable laws, regulations and restrictions and subject, in the case of Senior Notes, to a minimum maturity of one month.
<b>Issue Price:</b>	Notes may be issued at any issue price which is at par or at a discount to, or premium over, par.
<b>Use of Proceeds:</b>	The net proceeds from each issuance of Senior Notes will be used for the general corporate purposes of ABN AMRO. The net proceeds from each issuance of Subordinated Notes may be used to strengthen or replace the capital base of ABN AMRO and/or to support the continuing growth of its business. If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, together with the expenses of the issuance (if applicable).
<b>Issuance in Series:</b>	Notes will be consecutively numbered and issued in series (each a " <b>Series</b> "). Each Series may comprise one or more tranches (" <b>Tranches</b> " and each a " <b>Tranche</b> ") issued on different dates. The Notes of each Series will all be subject to identical terms, whether as to currency, interest, maturity or otherwise, or terms which are identical except that the issue dates, the amount of the first payment of interest and/or the denomination thereof may be different. The Notes of each Tranche will all be subject to identical terms in all respects except that a Tranche may comprise Notes of different denominations.

**Form of Notes and  
Clearance:**

The Notes may be offered (i) within the United States to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act or (ii) in an offshore transaction to a non U.S. person within the meaning of Regulation S in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

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

or (ii) alternatively, by one or more Rule 144A Global Certificates so deposited and registered in respect of Notes sold in the United States, and a separate Euro Regulation S Global Certificate (a) delivered, where such Euro Regulation S Global Certificate is held under the NSS, with a common safekeeper for Euroclear and Clearstream, Luxembourg, and registered in the name of, or the name of a nominee of, the common safekeeper or (b) deposited, where such Euro Regulation S Global Certificate is not held under the NSS, with a common depository for, and registered in the name of, or the name of a nominee of, Euroclear or Clearstream, Luxembourg, as the case may be, in respect of Notes sold outside the United States. Such arrangement is referred to herein as a "**Dual Global Note Issue**".

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

**Fixed Rate Notes:**

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

**Floating Rate Notes:**

Floating Rate Notes will bear interest either (a) at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in US dollars or, if in any currency other than US dollars (the "**Specified Currency**"), the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Agent (as indicated in the applicable Final Terms and/or Pricing Term Sheet).

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

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

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

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

**Zero Coupon Notes:**

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

**Redemption:**

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

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

The applicable Final Terms and/or Pricing Term Sheet in respect of Subordinated Notes will indicate whether such Notes will be redeemable at the option of the Issuer at the amount and on the date(s) specified in the applicable Final Terms and/or Pricing Term Sheet subject to (i) the Relevant Regulator being satisfied that such disqualification as Tier 2 capital was not reasonably foreseeable at the Issue Date and (ii) the prior consent of the Relevant Regulator provided that at the relevant time such consent is required, and upon giving not less than 30 nor more than 60 days' irrevocable notice, in the event that the whole or at least the minimum percentage of the outstanding nominal amount of the Notes, as specified in the applicable Final Terms and/or Pricing Term Sheet, is fully excluded from qualification as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the Issue Date of the Notes) or the Relevant Regulator has determined that the whole or at least the minimum percentage of the outstanding nominal amount of the Notes, as specified in the applicable Final Terms and/or Pricing Term Sheet, is fully excluded from qualifying as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the Issue Date of the Notes) (a "**Regulatory Event**").

The applicable Final Terms and/or Pricing Term Sheet may provide that Notes may be repayable in two or more installments of such

amounts and on such dates as indicated in it.

"**Relevant Regulator**" has the meaning ascribed thereto in Condition 6(b) (*Redemption for Tax Reasons*) of the Terms and Conditions of the Subordinated Notes.

**Denomination of Notes:**

The Notes will be issued in minimum denominations of US\$200,000 or, in the case of Foreign Currency Notes, the equivalent thereof in such foreign currency, rounded down to the nearest 100,000 units of such foreign currency, and integral multiples of US\$1,000 or, in the case of Foreign Currency Notes, 1,000 units of such foreign currency in excess thereof, provided that in no event the minimum denomination will be lower than EUR100,000 or the equivalent thereof at the date of issue of the relevant Notes.

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

**Payments:**

Except as otherwise set forth in the applicable Pricing Term Sheet and/or Final Terms, the Issuer will be obligated to make payments of principal and premium, if any, and interest on the Notes in the currency in which such Notes are denominated. Except as otherwise set forth herein or in the applicable Pricing Term Sheet and/or Final Terms, any such amounts to be paid by the Issuer in respect of DTC Global Certificates denominated in currencies other than in US Dollars will, unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, or unless the holder of a Foreign Currency Note elects to receive payments in the Specified Currency, be converted into US Dollars for payment to the holders thereof, in each case as described under Condition 5 (*Payments*).

**Taxation:**

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

**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

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

preferred by mandatory and/or overriding provisions of law.

The Subordinated Notes will constitute unsecured subordinated obligations of the Issuer and will rank (i) *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) and (ii) junior to those obligations expressed by their terms to rank in priority to the Subordinated Notes and those preferred by mandatory and/or overriding provisions of law.

As a result, the claims of the holders of the Subordinated Notes of each Series (the "**Subordinated Noteholders**") against the Issuer will:

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

be subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money, (c) other unsubordinated claims and (d) subordinated claims expressed by their terms to rank in priority to the Subordinated Notes.

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

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

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

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

If the applicable Final Terms and/or Pricing Term Sheet indicate that the Subordinated Notes will be subject to Variation or Substitution and

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

"**CRD IV**" and "**CRD IV Capital Event**" have the meanings ascribed thereto in Condition 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes.

#### *Statutory Loss Absorption*

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

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

"**Relevant Authority**", "**BRRD**" and "**Statutory Loss Absorption**" have the meanings ascribed thereto in Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes.

#### **Listing and admission to**

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

**trading:** Euronext in Amsterdam. The Notes may also be listed on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Agent (if any) in relation to each issue. Unlisted Notes may also be issued. The applicable Final Terms and/or Pricing Term Sheet will state whether or not the Notes are to be listed or admitted to trading, as the case may be, and, if so, on which exchange(s) and/or market(s).

**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 Senior Notes on which no payment of principal of or interest on any of the Senior Notes is in default, be replaced and substituted by either (a) any directly or indirectly wholly-owned subsidiary of the Issuer or (b) ABN AMRO Group N.V. as principal debtor in respect of the Senior Notes.

If so specified in the applicable Final Terms and/or Pricing Term Sheet the Issuer may, if certain conditions have been fulfilled, with the consent of the Subordinated Noteholders which will be deemed to have been given in respect of each issue of Subordinated Notes on which no payment of principal of or interest on any of the Subordinated Notes is in default and after written approval of the Relevant Regulator, be replaced and substituted by any directly or indirectly wholly-owned subsidiary of the Issuer as principal debtor in respect of the Subordinated Notes.

**Governing Law:** The Senior Notes, the Senior Notes Agency Agreement, the Subordinated Notes and the Subordinated Notes Agency Agreement are governed by, and shall be construed and interpreted in accordance with, the laws of The Netherlands.

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



## **RISK FACTORS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Liquidity risk is the risk that actual (and potential) payments or collateral posting and other obligations cannot be met on a timely basis. The Issuer discerns two types of liquidity risk. Funding liquidity risk is the risk of not being able to meet both expected and unexpected current and future cash outflows and collateral needs without affecting either daily operations or the financial condition of the firm. Market liquidity risk is the risk that the bank cannot sell an asset without significantly affecting the market price due to (i) insufficient market depth (insufficient supply and demand), (ii) market disruption, (iii) changes in the applicable haircuts and market value or (iv) uncertainty about the time required to realize the

liquidity value of the assets. See also the risk factor "2. *Volatility in, and the position of, financial markets, liquidity disruptions or market dislocations can adversely affect the Issuer's banking and funding activities*" above.

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

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

In addition to the use of deposits, the Issuer also relies on the availability of wholesale funding. In periods of liquidity stress the Issuer may need to seek funds from alternative sources, potentially at higher costs of funding than has previously been the case.

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

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

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

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

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

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

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

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

The Issuer conducts its businesses subject to financial services laws and regulations, as well as other laws and regulations (including behavioral requirements), rules, stress testing exercises, corporate governance requirements and administrative actions and policies in some or all of the locations in which it operates. The Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**"), the AFM and other regulators in various jurisdictions may impose further restrictions and conditions on the Issuer. In accordance with the single supervisory mechanism which became effective on 4 November 2013 the ECB will become the single supervisor for the prudential supervision of credit institutions that qualify as a significant bank. The Issuer is identified as a significant bank. Amongst others, the ECB will be responsible for market access and will supervise the Issuer's capital requirements and governance. While the ECB cannot make binding decisions until the operational start of its supervision on 4 November 2014, its future actions may result in further requirements being imposed on the Issuer, including but not limited to capital and liquidity. The timing and form of future changes in any laws, regulations or other rules, requirements, exercises, actions and policies, or in the interpretation thereof, are unpredictable and beyond the Issuer's control, and any such changes made could materially adversely affect the Issuer's business, the products and services the Issuer offers or the value of its assets or extent of its liabilities.

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

Furthermore, based on sections 1471-1474 of the United States Internal Revenue Code of 1986 enacted by the United States as part of the HIRE Act in March 2010 (commonly referred to as Foreign Account Tax Compliance Act or "**FATCA**"), a 30% withholding tax is imposed on US source payments to a non-US financial institution (an "**FFI**"), unless the FFI concludes an agreement with the United States Internal Revenue Service (the "**IRS**"), under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements (an "**FFI Agreement**"), is based in a so called IGA jurisdiction, where the local Government has concluded an Inter-governmental Agreement with the US to facilitate the implementation of FATCA (an "**IGA**") or otherwise establishes an exemption from withholding under FATCA. The IRS issued final regulations relating to FATCA and is scheduled to issue further guidance over time. Approximately 50 countries worldwide are negotiating with the US about such an IGA, including most locations where the Issuer operates. The Issuer expects that FATCA will have a considerable impact on client onboarding processes, client segmentation and client administration as well as on reporting systems.

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

New regulatory capital requirements proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**"), including its proposals set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011 (the "**Basel III Final Recommendations**"), which are being implemented in the European Union through the Capital Requirements Directive and Capital Requirements Regulation known as "CRD IV", result, *inter alia*, in the Issuer becoming subject to stricter capital and liquidity requirements and will also affect the scope, coverage, or calculation of capital, all of which could require the Issuer to reduce business levels or restrict certain activities or to raise additional capital. Further regulatory reform proposals could result in the imposition of additional restrictions on the Issuer's activities, e.g. if it were to no longer meet certain capital requirements at the level of the financial holding company. See also the risk factor "7. *As a result of capital and/or liquidity requirements, the Issuer may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance*" below.

On 29 January 2014, the European Commission adopted a proposal for a regulation which would give banks' supervisors the power to require banks to separate certain potentially risky trading activities from their deposit-taking business if the pursuit of such activities compromises financial stability. In addition, the Commission has adopted an accompanying proposal for a regulation on reporting and transparency of securities financing transactions.

The Dutch government has introduced legislation banning referral fees relating to specific complex financial products, such as mortgages, life insurance and pension insurance. The goals are to increase transparency for consumers and to ensure that the interests of consumers and their advisors are aligned. Financial advisors are required to provide transparency related to costs, terms of service and relations with relevant third parties and referral fees are prohibited for these products. This ban came into effect in January 2013. A similar ban on referral fees has come into effect as of 1 January 2014 in relation to certain investment services, including but not limited to (i) individual portfolio management, (ii) investment advice and (iii) execution-only services, all in relation to financial instruments. The prohibition affects, for instance, inducement fees which used to be paid by investment funds to distributors. Under the new rules, only the client itself is allowed to pay commissions to the investment services provider. Both bans may adversely impact the Issuer's businesses and results of operations.

The maximum loan amount for government-guaranteed mortgage loans (NHG) is EUR 290,000 as from 1 January 2014 and will be further reduced to EUR 265,000 as from 1 July 2014. In addition, the Dutch government will further restrict mortgage financing by gradually reducing the maximum Loan to Mortgage Value of a mortgage loan from 104% (including 2% transfer tax) to 100% in 2018.

In The Netherlands, subject to a number of conditions, mortgage loan interest payments used to be fully deductible from the income of the borrower for income tax purposes. However, new legislation on tax deductibility of new mortgages loans took effect on 1 January 2013. To be eligible for tax deductibility, new mortgage loans must be redeemed fully (100%) during the term of the loan based on an annuity or linear scheme. Existing mortgage loans are not impacted. However, for all mortgage loans, new and existing, tax deductibility will be gradually reduced by 0.5% per year over 27 years from a current maximum of 51.5% to a maximum of 38%. This percentage will however not be reduced below the third bracket (which is 42% in 2014) for income tax purposes in any given year. Changes to the deductibility of interest payments may, amongst other things, have an effect on the house prices and the rate of economic recovery and may result in an increase of defaults, prepayments and repayments.

The changes to mortgage lending rules and the restrictions to tax deductibility as mentioned above may have a particular impact on the Issuer's mortgage business. See also the risk factor "11. *The Issuer's operations and assets are located primarily in The Netherlands. Deterioration or long-term persistence of a difficult economic environment could have a negative effect on the Issuer's results of operations and financial position*" below.

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

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

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

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

The Basel Committee has proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out in the Basel III Final Recommendations. Most notably these reforms are intended to increase the quality and quantity of capital, to build up additional capital buffers in good times that can be drawn upon in periods of stress, to impose (temporary) systemic risk buffers, strengthen the risk coverage of the capital framework in relation to derivative positions and to introduce a new liquidity framework and a leverage ratio. See Chapter 16 (*Capital management*) and Chapter 17 (*Liquidity and funding*) of ABN AMRO Group N.V.'s Annual Report 2013, which has been incorporated by reference into this Base Prospectus, for information on the Issuer's capital and liquidity position under Basel III rules known as at 31 December 2013. The Basel III Final Recommendations were discussed in the European Parliament and the Council of the European Union (the "**Council**") and political agreement was reached on a new Capital Requirements Directive known as CRD IV. CRD IV was adopted in 2013 and is currently being implemented and replaces its predecessor capital requirements directives (CRD I, II and III). There can be no assurance, however, that prior to the proposed implementation of the Basel III Final Recommendations, the Basel Committee will not amend or supplement the Basel III Final Recommendations. Further, the European Union and/or authorities in The Netherlands may implement the Basel III Final Recommendations in a manner that is different from that which is currently envisaged or may impose more onerous requirements on Dutch banks.

The Basel Committee is conducting further work on systemically important financial institutions and contingent capital in close coordination with the Financial Stability Board. The Basel Committee has stated that measures may include capital surcharges, contingent capital and bail-in debt (which could be introduced by statute, possibly impacting existing as well as future issues of debt and exposing them to the risk of conversion into equity and/or write-down of principal amount). Such measures would be in addition to proposals for the write-off of Tier 1 and Tier 2 debt (and its possible conversion into ordinary shares) if a bank becomes non-viable. The changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates described above or any future changes may also require the Issuer to raise additional regulatory capital or hold additional liquidity buffers. Furthermore, the variety of capital and liquidity requirements of regulators in different jurisdictions may prevent the Issuer from managing

its capital and liquidity positions in a centralized manner, which may impact the efficiency of its capital and liquidity management. If the Issuer is unable to raise the requisite regulatory capital, it may be required to further reduce the amount of its risk-weighted assets and engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or at prices which would otherwise be attractive to the Issuer. If the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations.

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

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

The Dutch government has adopted banking legislation dealing with ailing banks (Special Measures Financial Institutions Act, *Wet bijzondere maatregelen financiële ondernemingen*, the "**Dutch Intervention Act**"). Pursuant to the Dutch Intervention Act, substantial new powers are granted to DNB and the Dutch Minister of Finance enabling them to deal with, *inter alia*, ailing Dutch banks prior to insolvency. The Dutch Intervention Act empowers DNB or the Minister of Finance, as applicable, to commence proceedings leading, *inter alia*, to:

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

Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by DNB or the Minister of Finance, as applicable, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank. The Dutch Intervention Act may lead to additional measures. For example, in connection with the nationalization of SNS Reaal N.V. pursuant to the Dutch Intervention Act, a one-off resolution levy for all banks was proposed by the Minister of Finance.

On 15 April 2014, the European Parliament approved BRRD, after the European Parliament, EU Member States and the European Commission announced on 12 December 2013 that they reached an agreement on BRRD. BRRD must still be formally adopted by the Council.

The stated aim of BRRD is, similar to the Dutch Intervention Act, to provide relevant authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' exposure to losses.

BRRD provides resolution authorities with broader powers to implement resolution measures with respect to banks which reach non-viability, which may include (without limitation) the sale of the bank's business, the separation of assets, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments and discontinuing the listing and admission to trading of financial instruments. BRRD contemplates that the measures set out therein, will apply as from 1 January 2015, except for certain provisions which may affect the Notes as described in the risk factor "45. *Proposed and new banking legislation dealing with ailing banks give regulators resolution powers (including powers to write down debt)*" below.

On 10 July 2013, the European Commission announced the adoption of its temporary state aid rules for assessing public support to financial institutions during the crisis (the "**Revised State Aid Guidelines**"). The Revised State Aid Guidelines impose stricter burden-sharing requirements, which require banks with capital needs to obtain additional contributions from equity holders and capital instrument holders before resorting to public recapitalizations or asset protection measures. The European Commission has applied the principles set out in the Revised State Aid Guidelines from 1 August 2013. In these guidelines, the European Commission has made it clear that any burden sharing imposed on subordinated debt holders will be made in line with principles and rules set out in BRRD.

The Dutch Intervention Act and, if adopted in its current form, BRRD may increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's funding ability, financial position and results of operations.

**9. *The ECB is in the process of performing a comprehensive assessment of the Issuer and other European banks, the outcome of which is uncertain.***

The ECB announced in October 2013 that it would commence a comprehensive assessment, including stress tests and an asset quality review, of certain large European financial institutions, including the Issuer. The findings from this assessment, expected to be published in November 2014, may result in recommendations for additional supervisory measures and corrective actions affecting the Issuer and the banking environment generally. It is not yet possible to assess the impact of such measures, if any, on the Issuer or on the treatment of specific capital instruments. Furthermore, the disclosure of the ECB's findings or the implementation of additional supervisory measures that are viewed by the market as unfavorable to the Issuer or to capital instruments could adversely affect the trading price of any capital instruments, including the Notes.

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

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

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

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

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

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

Most of the Issuer's operations and assets are located in The Netherlands. Accordingly, the Issuer is largely dependent upon the prevailing economic, political and social conditions in The Netherlands, particularly those which impact the mortgage market and small and medium business enterprises. Accordingly, deterioration or long-term persistence of the difficult economic environment in The Netherlands could have a negative effect on the Issuer's results of operations and financial position.



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

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

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

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

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

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

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

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

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

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

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

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

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

The Issuer is subject to changes in financial reporting standards, for example, the International Accounting Standards Board ("**IASB**") has proposed certain amendments to several International Financial Reporting Standards ("**IFRS**"). These could materially adversely affect the Issuer's results of operations and/or financial position. For further information, please see note 1 "*Accounting policies*" to the Consolidated Annual Financial Statements 2013.

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

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

The value of certain financial instruments, such as (i) financial instruments classified as ‘held-for-trading’ or ‘designated as at fair value through income’, and (ii) financial assets classified as ‘available-for-sale’ recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate. Generally, to establish the fair value of these instruments, the Issuer relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that 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. In such circumstances, the Issuer’s internal valuation models require the Issuer to make assumptions, judgements and estimates to establish fair value. Given the nature of instruments, these internal valuation models are complex, and the assumptions, judgements and estimates the Issuer is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated in the face of changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments has had and may have a material adverse effect on the Issuer’s results of operations and financial position.

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

In the ordinary course of business the Issuer is involved in a number of legal proceedings. The Issuer’s business is subject to the risk of litigation by customers, borrowers, employees, shareholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. It is inherently difficult to predict or quantify the outcome of many of the litigations, regulatory proceedings and other adversarial proceedings involving the Issuer and its businesses. The cost to defend current and future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of the Issuer’s services, regardless of whether the allegations are valid or whether the Issuer is ultimately found liable. See also the risk factor "20. *The Issuer is subject to reputational risk*" below. As a result, litigation may adversely affect the Issuer’s business. See "*The Issuer—1. ABN AMRO Bank N.V. —1.7 Legal and arbitration proceedings*".

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

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

Reputational risk exists in many forms in all of the Issuer’s activities. Examples are the failure or perceived failure to comply with legal and regulatory rules, laws, regulations and other requirements or codes of conduct by the Issuer, its customers, or other third parties linked to the Issuer, anti-money laundering, bribery or anti-corruption measures, anti-terrorist financing procedures, the quality and transparency of products sold to clients or the conduct of its employees. In addition the Issuer’s reputation could also be harmed as a result of negative external publicity over which the Issuer has no or minimal control. These factors may adversely affect the Issuer’s operating results, prospects and financial position.

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

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

The financial industry has implemented new rules and regulations on remuneration policies such as those included in the changes to the Capital Requirements Directives known as CRD III and CRD IV, which have been implemented in the Remuneration Policy Decree (*Besluit beheerst beloningsbeleid Wft*), the Bonus Prohibition Act (*Wet Bonusverbod*) and the governance rules and guidelines as embedded in the Dutch Banking Code (*Code Banken*). The financial industry may experience additional regulation of employee compensation, or employee compensation may be made subject to special taxation, which could have an adverse effect on the Issuer's ability to hire or retain the most qualified employees in the future. Regulations or taxations on employee compensation may also become more restrictive for the Issuer and other Dutch financial institutions than for some of its competitors in other jurisdictions or markets, which could have an additional adverse effect on the Issuer's ability to hire or retain the most qualified employees in the jurisdictions or markets where the bank operates or intends to operate.

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

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

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

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

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

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

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

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

The Issuer has made arrangements to mitigate the risks of liability to the creditors which transferred to RBS N.V. upon the Legal Demerger. RBS N.V. has also made arrangements to mitigate the risks of

liability to the creditors that transferred from RBS N.V. to the Issuer. Both RBS N.V. and the Issuer hold the level of regulatory capital agreed upon with DNB for purposes of covering any residual risks. There is no assurance that the mitigating arrangements taken by the Issuer are sufficient to satisfy all claims of creditors transferred to RBS N.V. See "*The Issuer—1. ABN AMRO Bank N.V.—1.1 History and recent developments—EC Remedy*".

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

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

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

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

On 29 September 2011, direct control of ABN AMRO was transferred to the NLF, see "*The Issuer—2. Shareholder, Group and Control*". In its letter of 24 January 2011, the Dutch State has announced that it does not expect to dispose of its stake in ABN AMRO Group N.V. any earlier than 2014. While it considers all strategic and financial options on the form of such disposal, the Dutch State favors an initial public offering.

On 23 August 2013, the Dutch Minister of Finance stated in a letter to Parliament that there are four prerequisites for a potential disposal by the Dutch State:

- The financial sector is stable. There are no more doubts about inter-bank traffic, the quality of assets and the solidity of individual systemically important banks;
- The market is ready for the intended transactions. There is sufficient absorptive power, there is interest in investments in the financial sector and the expected proceeds are in line with such interest;
- ABN AMRO is ready for the intended method of sale or settlement. There is a good financial track record, the quality of reporting is designed for the future, the profile of the board members matches with the strategy set forth and, especially in case of independent continued existence, there are prospects of durable value development; and
- The intention is to recover as much as possible of the total investments in ABN AMRO, plus the capital costs of the Dutch State.

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

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

The European Commission has imposed certain conditions in order to approve the support package and restructuring plan for ABN AMRO Group N.V. that restrict the Issuer from conducting certain activities. Examples are a ban on acquisitions, price leadership conditions and other restrictions. See "*The Issuer—4. Operating and Financial Review—4.2 Key factors affecting results of operations—European Commission state aid investigation*".

Most measures were implemented for three years, starting from 5 April 2011. The restrictions imposed on acquisitions and advertising state ownership will be prolonged to a maximum of five years as long as the Dutch State continues to hold more than 50% of the ordinary shares.

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

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

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

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

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

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

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

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

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

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

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

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

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

**29. *A reset of the interest rate could affect the market value of an investment in the Notes.***

Fixed Rate Notes may bear interest at an initial Rate of Interest subject to one or more resets during the tenor of the Notes. Such reset rate could be less than the initial Rate of Interest and could affect the market value of an investment in the Notes.

**30. *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.

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

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

**Risks related to Subordinated Notes**

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

The Issuer may issue Notes under the Program which are subordinated to the extent described in Condition 3 (*Status and Terms relating to Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes. Any such Subordinated Notes will constitute unsecured obligations of the Issuer and will rank (i) *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) and (ii) junior to those obligations expressed by

their terms to rank in priority to the Subordinated Notes and those preferred by mandatory and/or overriding provisions of law. As a result, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium (as defined in Condition 3 (*Status and Terms relating to Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes) with respect to the Issuer, the claims of Subordinated Noteholders against the Issuer will be subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money, (c) other unsubordinated claims and (d) subordinated claims expressed by their terms to rank in priority to the Subordinated Notes. By virtue of such subordination, payments to a Subordinated Noteholder will, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after, and any set-off by a Subordinated Noteholder shall be excluded until, all obligations of the Issuer resulting from higher-ranking deposits, unsubordinated claims with respect to the repayment of borrowed money, other unsubordinated claims and higher ranking subordinated claims have been satisfied. A Subordinated Noteholder may therefore recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to any Subordinated Notes which may be incurred or assumed by the Issuer from time to time, whether before or after the issue date of the relevant Subordinated Notes.

In addition, the rights of Subordinated Noteholders are limited in certain respects. In particular, (i) redemption of Subordinated Notes pursuant to Conditions 6(b) (*Redemption for Tax Reasons*), 6(c) (*Redemption at the Option of the Issuer (Issuer Call)*) and 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes may only be effected after the Issuer has obtained the written consent of the Relevant Regulator, and (ii) the Issuer may be required to obtain the prior written consent of the Relevant Regulator before effecting any repayment of Subordinated Notes following an Event of Default. See Conditions 6(e) (*Early Redemption Amounts*) and 9 (*Events of Default*) of the Terms and Conditions of the Subordinated Notes for further details.

Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent. See also the risk factor "33. *There is a redemption risk in respect of certain issues of Subordinated Notes*" below.

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

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



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

If Variation or Substitution is specified in the applicable Final Terms and/or Pricing Term Sheet and if a CRD IV Capital Event or another event as specified in Condition 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes has occurred and is continuing, then the Issuer may, subject to the prior written consent of DNB if required at the relevant time (but without any requirement for the consent or approval of the Subordinated Noteholders), substitute the Subordinated Notes or vary the terms of the Subordinated Notes in order to ensure that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time. The terms and conditions of such varied or substituted Subordinated Notes may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Subordinated Notes. However, the Issuer cannot make changes to the terms of the Subordinated Notes or substitute the Subordinated Notes for securities that are materially less favorable to the Subordinated Noteholders and following such variation or substitution the resulting securities must have at least, *inter alia*, the same ranking, interest rate, maturity date, redemption rights, existing rights to accrued interest which has not been paid and assigned the same ratings as the Subordinated Notes. Nonetheless, no assurance can be given as to whether any of these changes will negatively affect any particular Subordinated Noteholder. In addition, the tax and stamp duty consequences of holding such varied or substituted Notes could be different for some categories of Subordinated Noteholders from the tax and stamp duty consequences of their holding the Subordinated Notes prior to such variation or substitution. See Condition 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of Terms and Conditions of the Subordinated Notes for further details.

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

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

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

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

See also the risk factor "45. *Proposed and new banking legislation dealing with ailing banks give regulators resolution powers (including powers to write down debt)*" below.

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

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

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

**Risks related to the Notes generally**

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

**37. *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 Condition 9 (*Events of Default*).

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

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

The conditions of the Notes also provide that an Agent may, without the consent of Noteholders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Noteholders) of any of the provisions of Notes which is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory and/or overriding provisions of law or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15 (*Substitution of the Issuer*) or (iv) the variation or substitution of certain Subordinated Notes in the circumstances described in Condition 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes.

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

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

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

Potential investors should consider the tax consequences of investing in the Notes and consult their tax adviser about their own tax situation. In particular, depending on which provision is specified in the applicable Pricing Terms Sheet or Final Terms, the Issuer may either (i) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the

Notes and shall not pay any additional amounts to the holders of the Notes, if such withholding or deduction is required by law or (ii) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes as the case may be, in the absence of such withholding or deduction. See further "*Taxation*".

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

Under FATCA, payments may be subject to withholding if the payment is either US source, or a foreign pass thru payment. The Netherlands has concluded an agreement with the United States of America to Improve International Tax Compliance and to Implement FATCA, a so-called IGA. Under this agreement, parties are committed to work together, along with other jurisdictions that have concluded an IGA, to develop a practical and effective alternative approach to achieve the FATCA objectives of foreign pass thru payment and gross proceeds withholding that minimizes burden. The issuer is established and resident in The Netherlands and therefore benefits from this IGA.

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

**42. *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 or, if applicable, with a common depository for Euroclear and Clearstream, Luxembourg (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 (see further "*Book Entry, Delivery, Form and Settlement—Exchange of Global Certificates for Definitive Notes*"). 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. Holders of beneficial interests in the Global Certificates will not have a direct right against the Issuer and 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 or their relevant account holders to appoint appropriate proxies. Finally, in any claim or suit brought in the Dutch courts, holders of beneficial interests may be required to act through their relevant account holder prior to being granted standing to pursue a claim.

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

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

**44. *Change of law may impact the Notes.***

The Senior Notes, the Senior Notes Agency Agreement, the Subordinated Notes and the Subordinated Notes Agency Agreement are governed by the laws of The Netherlands, in effect as at the date of this Base Prospectus.

No assurance can be given as to the impact of any possible change to Dutch, European or any applicable laws, regulations or administrative practices after the date of this Base Prospectus. Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss absorption tools which may affect the rights of Noteholders. Such tools may include the ability to write off sums otherwise payable on such Notes (see the risk factors "*45. Proposed and new banking legislation dealing with ailing banks give regulators resolution powers (including powers to write down debt)*" below and "*35. Statutory loss absorption of Subordinated Notes could have an adverse effect on the market price of the relevant Subordinated Notes*" above for further information).

Prospective investors should note that the courts of Amsterdam, The Netherlands and any state or federal court in the Borough of Manhattan, The City New York, New York shall have exclusive jurisdiction in respect of any disputes involving any Series of Notes. The terms of the Notes do not permit Noteholders to take any suit, action or proceedings arising out of or in connection with the Notes against the Issuer in any other court.

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

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

Pursuant to the Dutch Intervention Act, substantial new powers are granted to DNB and the Dutch Minister of Finance enabling them to deal with, *inter alia*, ailing Dutch banks prior to insolvency (as described under the risk factor "*8. Proposals for resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*" above). These powers (including the transfer of liabilities), if exercised with respect to ABN AMRO, may impact the Notes and will, subject to certain exceptions, lead to

counterparties of ABN AMRO (including Noteholders) not being entitled to invoke events of default or set off their claims.

In addition to the tools currently in the Dutch Intervention Act, BRRD (see the risk factor "8. *Proposals for resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*" above) provides resolution authorities the power to ensure that capital instruments (such as the Subordinated Notes) and eligible liabilities (such as the Senior Notes) absorb losses at the point of non-viability of the issuing institution, through the write-down or conversion to equity of such instruments (the "**Bail-In Tool**").

However, resolution authorities are expected to be required to exercise the Bail-In Tool in a way that results in (i) common equity tier 1 instruments being written down first in proportion to the relevant losses and (ii) thereafter, the principal amount of other capital instruments (including tier 2 instruments such as the Subordinated Notes) being written down or converted into common equity tier 1 on a permanent basis and (iii) thereafter, eligible liabilities (which the Senior Notes are likely to be) being written down or converted in accordance with a set order of priority. The point of non-viability under BRRD is the point at which the national resolution authority determines that an institution meets the condition for resolution, defined as:

- a) the institution is failing or likely to fail, which means (i) the institution has incurred/is likely to incur in the near future losses depleting all or substantially all its own funds, and/or (ii) the assets are/will be in the near future less than its liabilities, and/or (iii) the institution is/will be in the near future unable to pay its debts as they fall due, and/or (iv) the institution requires public financial support;
- b) there is no reasonable prospect that a private action would prevent the failure; and
- c) a resolution action is necessary in the public interest.

Application of the Bail-In Tool, as described above, shall not constitute an Event of Default under the Notes and Noteholders will have no further claims in respect of the amount so written off or subject to conversion or otherwise as a result of the Bail-In Tool. Accordingly, if the Bail-In Tool is in effect and the resolution authority decides to exercise the write down power, this may result in claims of Noteholders being written down or converted into equity. Furthermore, it is possible that pursuant to BRRD, the Dutch Intervention Act or other resolution or recovery rules which may in the future be applicable to the Issuer, new powers may be given to DNB or another relevant authority which could be used in such a way as to result in the debt instruments of the Issuer absorbing losses in the course of any resolution of the Issuer.

In addition to the Bail-In Tool, BRRD provides resolution authorities with broader powers to implement other resolution measures with respect to banks which reach non-viability, which may include (without limitation) the sale of the bank's business, the separation of assets, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments. Except for the Bail-In Tool with respect to eligible liabilities (such as the Senior Notes), which is expected to apply as from 1 January 2016, BRRD contemplates that the measures set out therein, including the Bail-In Tool with respect to capital instruments such as the Subordinated Notes, will apply as from 1 January 2015.

The Dutch Intervention Act and, if adopted in its current form, BRRD could negatively affect the position of certain categories of the Issuer's bondholders and the credit rating attached to certain categories of debt instruments then outstanding, in particular if and when any of the above proceedings would be commenced against the Issuer. The rights and effective remedies of the holders of the Notes, as well as their market value, may be affected by any such proceedings.

**46. *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.

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

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

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

**Risks related to the market generally**

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

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

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

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

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

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

**50. *The prices of notes are affected by changes in interest rates.***

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

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

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

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

**52. *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.

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

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

## IMPORTANT INFORMATION

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU (the "**2010 PD Amending Directive**"), to the extent implemented in the Relevant Member State)(the "**Prospectus Directive**"). This document does not constitute a prospectus for the purposes of Section 12(a)(2) of, or any other provision of or rule under, the Securities Act.

### **Responsibility statement**

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

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

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

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

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

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

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



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

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

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

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

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

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

This Base Prospectus and any supplement to the Base Prospectus will be valid for listing Notes on Euronext in Amsterdam and/or any other exchange in the EEA in an aggregate nominal amount up to US\$25,000,000,000 or the approximate equivalent thereof in another currency calculated as at the issue date of the relevant Notes, subject to any duly authorized increase or decrease.

ABN AMRO Group N.V.'s Annual Report 2012 and ABN AMRO Group N.V.'s Annual Report 2013 (both incorporated by reference into this Base Prospectus, as described 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 on any website referred to in any document incorporated by reference into this Base Prospectus is not a part of this Base Prospectus.

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

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

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

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

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

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

### **Stabilization**

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

stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or person(s) acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) The articles of association of the Issuer;
- (b) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2013 (as set out on pages 243 through 251 in relation to the financial statements 2013, including the notes to the financial statements as set out on pages 252 through 366 and the information marked as audited in Chapter 15 (*Risk management*) on pages 132 through 213, in Chapter 16 (*Capital management*) on pages 214 through 222, in Chapter 17 (*Liquidity & funding*) on pages 223 through 237 and in Chapter 18 (*Securitisation*) on pages 238 through 242 and the auditors' report thereon on pages 370 through 373, all as included in ABN AMRO Group N.V.'s Annual Report 2013 (the "**Annual Report 2013**") (the "**Consolidated Annual Financial Statements 2013**"); and
- (c) Chapter 10 (*Strategy*) on pages 60 through 66, Chapter 14 (*Introduction to Risk & Capital management*) on pages 125 through 131, Chapter 15 (*Risk management*) on pages 132 through 213, Chapter 16 (*Capital management*) on pages 214 through 222, Chapter 17 (*Liquidity & funding*) on pages 223 through 237, Chapter 18 (*Securitisation*) on pages 238 through 242, Chapter 22 (*Definitions of important terms*) on pages 382 through 387, Chapter 23 (*Abbreviations*) on pages 388 through 390 and Chapter 24 (*Cautionary statement on forward-looking statements*) on pages 391 and 392 of ABN AMRO Group N.V.'s Annual Report 2013,
- (d) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2012 (as set out on pages 217 through 223 in relation to the financial statements 2012, including the notes to the financial statements as set out on pages 224 through 335 and the information marked as audited in Chapter 17 (*Risk management*) on pages 128 through 185, in Chapter 18 (*Capital management*) on pages 186 through 195, in Chapter 19 (*Liquidity & funding*) on pages 196 through 208 and in Chapter 20 (*Securitisation*) on pages 209 through 214 and the auditors' report thereon on pages 339 and 340, all as included in ABN AMRO Group N.V.'s Annual Report 2012) (the "**Consolidated Annual Financial Statements 2012**" and together with the Consolidated Annual Financial Statements 2013, the "**Consolidated Annual Financial Statements**");
- (e) Chapter 10 (*Strategy*) on pages 54 through 59, Chapter 16 (*Introduction to risk & capital management*) on pages 126 and 127, Chapter 17 (*Risk management*) on pages 128 through 185, Chapter 18 (*Capital management*) on pages 186 through 195, Chapter 19 (*Liquidity & funding*) on pages 196 through 208, Chapter 20 (*Securitisation*) on pages 209 through 214, Chapter 24 (*Definitions of important terms*) on pages 349 through 354, Chapter 25 (*Abbreviations*) on pages 355 through 357 and Chapter 26 (*Cautionary statement on forward looking statements*) on pages 358 and 359 of ABN AMRO Group N.V.'s Annual Report 2012;
- (f) the Issuer's publicly available unaudited abbreviated financial statements 2013 for the financial year ended 31 December 2013 prepared on the basis of article 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*); and
- (g) the Issuer's publicly available unaudited abbreviated financial statements 2012 for the financial year ended 31 December 2012 prepared on the basis of article 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*),

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

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

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

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

## AVAILABLE INFORMATION

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

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

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

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

## FORWARD-LOOKING STATEMENTS

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

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

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

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

- ▶ The extent and nature of future developments and continued volatility in the credit and financial markets and their impact on the financial industry in general and ABN AMRO in particular;
- ▶ The effect on ABN AMRO's capital of write-downs in respect of credit exposures;
- ▶ Risks related to ABN AMRO's merger, separation and integration process;
- ▶ General economic, social and political conditions in The Netherlands and in other countries in which ABN AMRO has significant business activities, investments or other exposures, including the impact of recessionary economic conditions on ABN AMRO's performance, liquidity and financial position;
- ▶ Macro-economic and geopolitical risks;
- ▶ Reductions in the Issuer's credit ratings;
- ▶ Actions taken by the EC, governments and their agencies to support individual banks and the banking system;
- ▶ Monetary and interest rate policies of the ECB and G20 central banks;
- ▶ Inflation or deflation;
- ▶ Unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- ▶ Liquidity risks and related market risk losses;
- ▶ Potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments, including systemic risk;

- ▶ Changes in Dutch and foreign laws, regulations (including capital and/or liquidity requirements and/or bank resolution regimes), policies and taxes;
- ▶ Changes in competition and pricing environments;
- ▶ Inability to hedge certain risks economically;
- ▶ Adequacy of loss reserves and impairment allowances;
- ▶ Technological changes;
- ▶ Changes in consumer spending, investment and saving habits;
- ▶ Effective capital and liquidity management;
- ▶ Inaccuracy or incompleteness of information about customers and counterparties;
- ▶ Operational risks;
- ▶ Changes in financial reporting standards;
- ▶ Inaccuracy of, or changes in, financial models incorporating assumptions, judgments and estimates used to determine the value of certain financial instruments at fair value;
- ▶ Additional contributions to defined benefit pension plans;
- ▶ Outcome of legal proceedings (legal risk);
- ▶ Reputational damage;
- ▶ The outcome of the ECB asset quality review and stress tests;
- ▶ Inability to retain and attract qualified employees; and
- ▶ The success of ABN AMRO in managing the risks involved in the foregoing.

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

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



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

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

## EXCHANGE RATE AND CURRENCY INFORMATION

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

ABN AMRO publishes its financial statements in euros.

The following table sets out, for the periods indicated, certain information concerning the exchange rate expressed in US Dollars per Euro, obtained by using the Historical Price function in Bloomberg. These translations should not be construed as representations that the Euro amounts actually represent such US Dollar amounts or could be converted into US Dollars at the rate indicated. On 24 April 2014, the exchange rate translated to EUR 1 = USD 1.3818.

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

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

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

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

	<u>At period end</u>	<u>Average rate</u>	<u>High</u>	<u>Low</u>
October 2013 .....	1.3599	1.3639	1.3804	1.3498
November 2013 .....	1.3586	1.3492	1.3596	1.3367
December 2013 .....	1.3789	1.3708	1.3803	1.3551
January 2014 .....	1.3505	1.3614	1.3683	1.3505
February 2014 .....	1.3808	1.3668	1.3808	1.3517
March 2014 .....	1.3772	1.3830	1.3925	1.3733
April 2014 (through 24 April) .....	1.3818	1.3804	1.3897	1.3705
31 December 2011 .....	1.2960	1.3924	1.4874	1.2925
31 December 2012 .....	1.3197	1.2859	1.3463	1.2053
31 December 2013 .....	1.3789	1.3283	1.3804	1.2772

*Source: Bloomberg*

## **USE OF PROCEEDS**

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

## PRESENTATION OF FINANCIAL INFORMATION

Pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19, 2002 and related regulations, effective January 1, 2005, ABN AMRO Group N.V. has adopted IFRS-EU. The audited financial statements for the years ended and as at December 31, 2013 and 2012 (including the auditors' report thereon and notes thereto) of ABN AMRO Group N.V., which in each case include corresponding figures as at and for the previous period, respectively, have been prepared in accordance with IFRS-EU (see "*The Issuer—4. Operating and Financial Review—4.1 Presentation of Financial Information*"). The unaudited abbreviated financial statements of the Issuer for the years ended as at December 31, 2013 and 2012, have been prepared by the Issuer in accordance with Dutch GAAP, but on the basis of ABN AMRO Group N.V.'s accounting principles.

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

Please refer to "*The Issuer—4. Operating and Financial Review—4.1 Presentation of Financial Information*" for a more detailed discussion of the financial information included and incorporated by reference in this Base Prospectus.

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

## THE ISSUER

### 1. ABN AMRO BANK N.V.

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

In 2012, ABN AMRO finalized the integration of ABN AMRO Bank and Fortis Bank Nederland. In 2013, ABN AMRO presented its results on a reported basis, which means that historical periods will no longer be adjusted for costs related to the integration. Therefore all results are presented on a reported basis for 2013, 2012 and 2011. Furthermore, ABN AMRO adopted the amended pension accounting standard IAS 19 as from 1 January 2013. As a result, all 2012 disclosed figures have been adjusted accordingly for comparison purposes. In 2013, accrued interest is presented as part of the relevant balance sheets accounts, versus the separate line items (i) accrued income and prepaid expenses and (ii) accrued expenses and deferred income in previous years. This change has no impact on equity, total assets or net profit. All 2012 disclosed figures have been adjusted accordingly for comparison purposes. The 2011 disclosed figures have not been adjusted for the amended IAS 19 and accrued interest adjustments described above.

#### 1.1 History and recent developments

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

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

#### *EC Remedy*

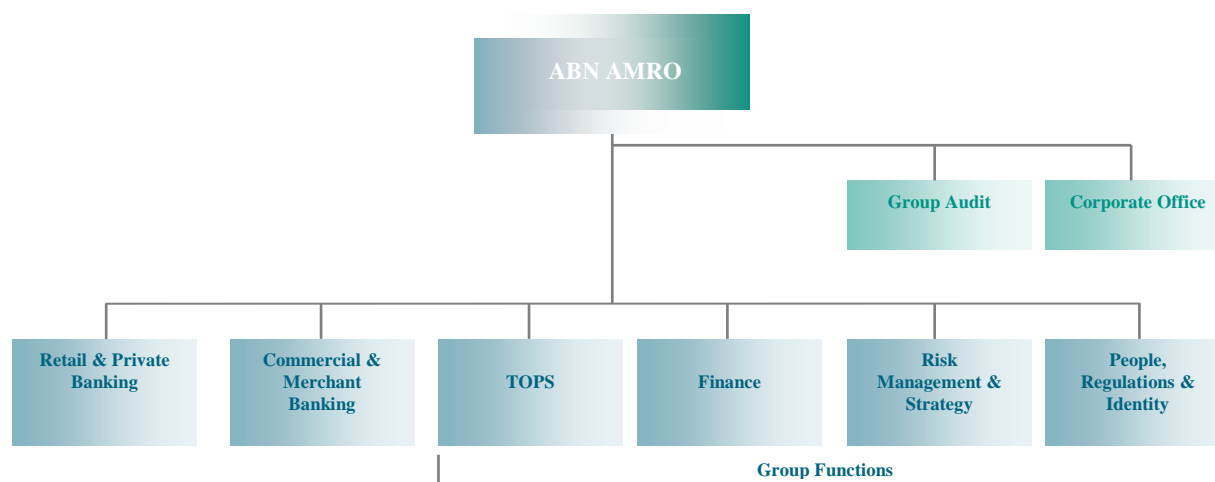
On 1 April 2010, ABN AMRO completed the sale of the EC Remedy Businesses to Deutsche Bank. This sale was a prerequisite set by the European Commission for the integration of the Dutch State acquired businesses and FBN into the new ABN AMRO Bank. The operational separation of the EC Remedy Businesses was finalized in 2012. The sale of the EC Remedy Businesses to Deutsche Bank included the Credit Umbrella and a cross liability with New HBU II N.V. In 2012, the Credit Umbrella was terminated.

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

The Dutch State announced that, in relation to ABN AMRO, the exit of its ownership will be evaluated in 2014. The Dutch State keeps all options open for a return to the private market for ABN AMRO, but has indicated it favors an IPO. In August 2013, the Dutch Minister of Finance sent a letter to Parliament, stating that (i) an IPO is the most realistic exit strategy for ABN AMRO, (ii) the decision on the timing of the exit has been postponed to the fall of 2014, and (iii) the final decision will depend on four prerequisites: (a) the financial sector is stable, (b) the market is ready, (c) ABN AMRO is ready and (d) the intention is to recover as much as possible of the total investments. The minister has instructed ABN AMRO to start IPO preparations in order to potentially execute after a possible positive decision in the fall of 2014. As of the date of this Base Prospectus, NLFI is the sole shareholder of ABN AMRO.

## 1.2 Business description

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



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

- Retail Banking;
- Private Banking;
- Commercial Banking;
- Merchant Banking;
- Group Functions.

## 1.3 Retail & Private Banking

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

### Retail Banking

#### *Business scope and clients*

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

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

## ***Main subsidiaries***

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

### *ABN AMRO Hypotheken Groep*

ABN AMRO Hypotheken Groep B.V. ("**AAHG**") is the supplier of all ABN AMRO-labeled residential mortgage products. AAHG is the legal and economic owner of the residential mortgage portfolios of its Florius brand.

### *Direktbank*

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

### *MoneYou*

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

### *Alfam*

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

### *International Card Services*

International Card Services B.V. ("**ICS**") is ABN AMRO's credit card specialist. ICS issues more than 25 different credit cards in partnership with companies. ICS promotes, manages and processes credit card transactions and offers other financial services, such as revolving credit facilities. ICS is active in The Netherlands, Belgium and Germany.

### *ABN AMRO Verzekeringen*

Delta Lloyd ABN AMRO Verzekeringen Holding B.V. ("**ABN AMRO Verzekeringen**") is an associate of ABN AMRO Bank N.V. (49%). Delta Lloyd N.V. holds 51% interest. ABN AMRO Verzekeringen offers life and non-life insurance products to consumers and commercial clients under the ABN AMRO brand. ABN AMRO acts as an intermediary for ABN AMRO Verzekeringen by selling and providing advice on a comprehensive range of life and non-life insurance products, for which ABN AMRO receives commission payments. ABN AMRO Verzekeringen is able to offer a complete package of insurance products to clients.

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

## Private Banking

### *Business scope and clients*

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

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

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

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

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

### *Focus and commitment*

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

In Germany, ABN AMRO acquired LGT Deutschland into its subsidiary Bethmann Bank, which is in alignment with the bank's strategy, brings new clients, assets and capabilities, and secured Bethmann Bank's top-five position in the important German private banking market.<sup>3</sup> In 2013, Bethmann Bank signed an agreement to acquire the domestic private banking activities of Credit Suisse in Germany through an asset and liability transaction.

In France, Banque Neuflyze OBC offers a private banking model based on an integrated approach to private and commercial wealth articulated around a dedicated advisory and products offer. Banque Neuflyze OBC and its subsidiaries cover a range of activities including traditional banking services, asset management and discretionary portfolio management (through Neuflyze OBC Investissements, Neuflyze

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



Private Assets, its leading asset managers), life insurance (with Neuflyze Vie) and advisory services: estate planning, financial engineering, corporate finance, art advisory and real estate.

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

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

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

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

### ***Main subsidiaries***

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

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

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

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

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

#### ***Bethmann***

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

## **1.4 Commercial & Merchant Banking**

### ***Business scope and clients***

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

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

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

## **Commercial Banking**

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

### ***Business Banking***

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

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

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

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

### ***Corporate Clients***

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

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

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

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

### ***Main subsidiaries***

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

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

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

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

ABN AMRO Commercial Finance B.V. ("**AACF**") provides working capital funding on debtors and inventory. Its present client portfolio comprises a wide range of clients. AACF is active in The Netherlands, France, Germany and the United Kingdom.

#### ***ABN AMRO Groenbank***

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

## **Merchant Banking**

### ***Business scope and clients***

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

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

## ***Large Corporates & Merchant Banking***

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

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

## ***Large Corporates & Sector Origination***

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

## ***Financial Institutions***

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

## ***Real Estate Finance***

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

## ***Energy, Commodities & Transportation***

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

## ***Private Equity***

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

## ***Markets***

Markets is divided into three business lines: Trading, Sales and ABN AMRO Clearing. Markets serves a broad client base, ranging from corporate and financial institutions to retail and private banking clients.

This business line offers specialized Foreign Exchange, Interest Rates, Commodities, Equities, Equity Derivatives and Securities Financing products. Markets also offers clients online services via ABN AMRO I-Markets.

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

### *Securities Financing*

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

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

### *Main Subsidiaries*

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

#### *ABN AMRO Clearing*

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

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

#### *Maas Capital Investments*

Maas Capital Investments B.V. ("**MCI**"), part of ABN AMRO's ECT business, is a financier for the shipping and offshore sector. MCI does this through financial lease constructions or by taking (minority) participating interests.

## **1.5 Group Functions**

Group Functions supports ABN AMRO's businesses by delivering services in the areas of audit, corporate governance, finance, risk, human resources, legal, compliance, communication, change management, technology, operations, property management, sustainability, and housing. Group Functions is organized into four areas, each of them headed by a Managing Board member: Technology, Operations

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

& Property Services ("**TOPS**"), Finance ("**Finance**"), Risk Management & Strategy ("**RM&S**"), and People, Regulations & Identity ("**PR&I**"). Group Audit reports directly to the Chairman of the Managing Board and the Chairman of the Audit Committee. The Company Secretary holds an independent position under joint supervision of the Chairman of both the Managing Board and the Supervisory Board.

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

TOPS supports the business by providing services in the areas of IT (software and hardware), operations, facility management and office space, information security, procurement and program/project management.

### **Finance**

Finance is the primary supplier of management and reporting information to ABN AMRO's businesses and to external stakeholders. Finance plays an independent role in delivering management information and challenging business decisions. It provides a financial control environment and ensures compliance with accounting standards and requirements set by the regulatory authorities. Finance includes ALM/Treasury ("**ALM/T**"), which also has a reporting line to RM&S (as defined below). ALM/T is responsible for managing the level of capital, interest rate risk and liquidity (banking book) available to the Issuer as well as the treasury function.

### **Risk Management & Strategy**

Risk Management, Group Economics and Strategy (including Corporate Development and Investor Relations) have been combined into one organisation, RM&S. The IPO Programme is part of the RM&S organisation and is responsible for the preparations and execution of a potential IPO of ABN AMRO. ALM/T is also closely aligned to RM&S to ensure that ABN AMRO's risk appetite is in line with the bank's corporate strategy and capital position, taking into consideration the economic outlook.

### **People, Regulations & Identity**

The primary responsibility of PR&I is to help the bank's businesses put their clients centre stage. PR&I consists of five departments: Human Resources, Compliance & Conduct, Legal, Security & Intelligence Management and Communications & Sustainability.

## **1.6 Regulation**

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

The European Union is working on a broad range of measures aimed at bringing more stability and transparency to the European financial sector. Major developments include the creation of a banking union, the European Market Infrastructure Regulation (EMIR), the revised Markets in Financial Instruments Directive (MiFID II), the Bank Recovery and Resolution Directive (BRRD), a renewed Deposit Guarantee Scheme Directive (DGS), the Packaged Retail Investment Products (PRIIPS) Regulation, the Mortgage Credit Directive, the revised Payment Services Directive (PSD 2) and the Data Protection Regulation.

New proposals are continuously being introduced at global, European and national level. Regulations are becoming more stringent and supervision stricter. Implementing the new laws and regulations may be costly and could have an impact on ABN AMRO's business. ABN AMRO will need to allocate a significant amount of resources to prepare for these changes.

## *Solvency Supervision*

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

### *Capital adequacy framework (Basel)*

In 2004, the Basel Committee 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, 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 2007. The process of implementing Basel II into Dutch legislation (through the Wft) and regulation was completed in December 2006, when DNB published its supervisory rules.

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

Basel II is structured around three "pillars":

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

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

#### Basel II Pillar 1

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

For credit risk the Advanced Internal Ratings-Based (AIRB) method is used for large SME, retail and most of the specialized lending portfolios except for a small real estate portfolio for which the slotting criteria approach is used. Foundation Internal Ratings-Based (FIRB) approach is used for sovereign portfolio and the Standardized Approach (SA) is used for financial institutions, commercial real estate and large corporates. ABN AMRO obtained formal Advanced Internal Ratings-Based (AIRB) approval from the regulator in 2013.

At present, ABN AMRO uses the SA for market risk, except for the equity portfolio and some smaller portfolios, which are reported under the Internal Models Approach (IMA). The bank is preparing for the implementation of the IMA method for calculating market risk capital in the future.

ABN AMRO currently uses the SA for operational risk. The bank is preparing to implement the Advanced Measurement Approach (AMA) framework for operational risk.

## Basel II Pillar 2

ABN AMRO's capital requirement under Pillar 2 is based on internal models for economic capital and the view of the regulator, as expressed in the ICAAP and Supervisory Review and Evaluation Process (SREP). The economic capital models were integrated in 2011 to ensure suitability for the merged bank. Economic capital requirements are monitored monthly and reported in quarterly Capital Adequacy Assessments Reports and in the yearly ICAAP statement. ABN AMRO also delivers an Internal Liquidity Adequacy Assessment Process (ILAAP) report to the regulator on an annual basis.

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

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

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

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



simultaneously. The scenario variables include, amongst others, GDP, unemployment rate, property prices, interest rates, inflation and equity prices.

Based on the stress test results no additional capital actions were required in 2013. The stress test results have been incorporated into capital planning by taking into account the minimum capital levels under stress. Besides bank-wide stress testing, ABN AMRO performs stress testing by focusing on specific portfolios or business lines. Furthermore, ABN AMRO participates in ad hoc stress test exercises as requested by regulatory bodies, such as DNB and EBA.

### Basel II Pillar 3

Since 2012 ABN AMRO integrates the Pillar 3 report in its Annual Report.

### New Basel regulation

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

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

### *CRD*

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

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

### *CRD II*

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

### *CRD III*

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

### *Basel III/CRD IV*

As a financial company, certain reform proposals under consideration, including the proposals of the Basel Committee as set out in the Basel III Final Recommendations, which are being implemented in the European Union through CRD IV, result in the Issuer becoming subject to stricter capital requirements

and affects the scope, coverage, or calculation of capital, all of which require the Issuer to reduce business levels or restrict certain activities or to raise capital. Regulatory reform proposals could also result in the imposition of additional restrictions on the Issuer's activities if it were to no longer meet certain capital requirements at the level of the financial holding company.

CRD IV replaced its predecessor capital requirements directives (CRD I, II and III). The proposals became effective as of 1 January 2014.

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

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

### ***Banking Union***

The EU banking union consists of three pillars: the Single Supervisory Mechanism ("**SSM**"), the Single Resolution Mechanism ("**SRM**") and the Single Rulebook ("**SR**").

#### ***- Single Supervisory Mechanism***

Under the SSM, the ECB will become the single supervisor for the prudential supervision of credit institutions that qualify as a significant credit institution. In the European Union, around 130 credit institutions are identified as significant banks, and ABN AMRO is one of them. The ECB will be responsible for market access, among other things, and will supervise capital requirements and governance. The SSM entered into force on 4 November 2013; however, the ECB cannot take binding decisions until the operational commencement of its supervision on 4 November 2014.

In advance of the SSM, the ECB will carry out a comprehensive assessment which comprises a supervisory risk assessment, an asset quality review and a stress test. The supervisory risk assessment is to review (quantitatively and qualitatively) key risks, including liquidity, leverage and funding. The asset quality review is to enhance the transparency of bank exposures by reviewing the quality of banks' assets, including the adequacy of asset and collateral valuation and related provisions. Finally the stress test is to examine the resilience of banks' balance sheets to stress scenarios.

### **- *Single Resolution Mechanism***

On 15 April 2014, the European Parliament approved a proposed directive for the SRM. This directive must still be formally adopted by the Council. The SRM provides for a single resolution fund and a single resolution board. The single resolution fund will be financed by bank levies raised at national level. The single resolution board will have broad powers in cases of a bank resolution. The ECB will notify the board that a bank is failing or likely to fail following which the board can decide to adopt a resolution scheme placing the bank into resolution. The scheme would determine the application of resolution tools and use of the single resolution fund. If it is approved, not only shareholders but also bondholders and large deposit holders may have to contribute to a bank's rescue as from 2016. The SRM is scheduled to enter into force on 1 January 2015 whereas bail-in will become possible as from 1 January 2016. This would be two years earlier than originally planned.

### **- *Single Rule Book***

The key pillars of the SR are the rules on stronger prudential requirements of CRD IV, the deposit guarantee scheme and a framework for bank recovery and resolution.

#### **- *CRD IV***

CRD IV transposes the Basel III Final Recommendations into the EU legal framework. CRD IV will apply from 1 January 2014 and sets stronger prudential requirements for banks. The new rules will make EU banks more solid and will strengthen their capacity to adequately manage the risks linked to their activities and absorb losses they may incur in doing business. Furthermore, these new rules will strengthen the requirements regarding banks' corporate governance arrangements and processes, for example regarding diversity within management and rules on bonuses. We expect the European Banking Authority (EBA) to introduce a large number of technical standards, guidelines and recommendations in the course of 2014, further defining EU banks' obligations.

#### **- *EU Deposit Guarantee Scheme Directive***

On 15 April 2014, the European Parliament adopted the new EU Deposit Guarantee Scheme ("**DGS**") Directive. This directive still has to be published in the Official Journal of the European Union. The DGS continues to guarantee repayment of certain client deposits up to EUR 100,000 held at European banks in the event of bankruptcy or resolution. The new Directive will require banks to provide better information to depositors to ensure that they are aware of how their deposits are protected by the guarantee schemes. DGS funds will have to be established on a national level to be funded by ex ante, risk-based contributions from relevant banks. In the event of insufficient ex ante funds, DGS will collect immediate ex post contributions from the banking sector, and, as a last resort, they will have access to alternative funding arrangements such as loans from public or private third parties. Furthermore, access to the guaranteed amount will be faster and easier. The EU DGS is similar to the current Dutch system (see below under Dutch Deposit Guarantee Scheme), although certain elements differ, for example inclusion of corporate deposits in the EU proposal. It is currently unclear what extra demands the EU proposals will place on Dutch banks on top of those in the Dutch DGS.

#### **- *Banks Recovery and Resolution Directive***

The European Parliament approved BRRD on 15 April 2014, after they had reached agreement on BRRD with the Council on 11 December 2013. This directive must still be formally adopted by the Council and is scheduled to enter into force on 1 January 2015. Authorities are provided with the means to intervene decisively both before problems occur (for instance, by ensuring that all banks have recovery and resolution plans in place) and early on in the process if they do (for instance, the power to appoint a temporary administrator in a bank for a limited period to deal

with problems). Furthermore, the new law ensures through a bail-in mechanism that shareholders and creditors of the banks have to contribute to the loss absorption and recapitalisation of the bank should its financial situation be beyond repair despite the preventive measures. It also provides for a national, prefunded resolution fund that each Member State will have to establish and build up. All banks will have to pay into these funds, and contributions will be higher for banks that take more risks. BRRD sets the stage for completing work on the SRM.

## ***MiFID II***

In April 2004, the Markets in Financial Instruments Directive 2004/39/EC ("**MiFID**") came into force. MiFID regulates the provision of investment services and investment activities and replaced the Investment Services Directive 1993/22/EEC, which established the single European passport for investment firms. MiFID provides a harmonized regime for investment services and investment activities and aims to increase competition and reinforce investor protection. It streamlines supervision on the basis of home country control and enhances the transparency of markets. Furthermore, MiFID harmonizes conduct of business rules, including best execution, conflict of interest, customer order handling rules and rules on inducements. MiFID abolishes the concentration rule, creating a more competitive regime between order execution venues. It furthermore imposes market transparency rules on investment firms, regulated markets and multilateral trading systems for both pre- and post-trading for, inter alia, equities.

On 15 April 2014 the European Parliament adopted updated rules for markets in financial instruments ("**MiFID II**"), after an agreement in principle was reached with the Council on 14 January 2014. MiFID II must still be formally adopted by the Council. The update covers topics such as market infrastructure, more robust investor protection and strengthened supervisory powers. MiFID II increases equity market transparency and, for the first time, establishes a principle of transparency for non-equity instruments such as bonds and derivatives. Investment firms operating an internal matching system which executes client orders in shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments on a multilateral basis have to be authorised as a Multilateral Trading Facility ("**MTF**"). It also introduces a new multilateral trading venue, the Organised Trading Facility ("**OTF**"). To meet the G20 commitments, MiFID II provides for strengthened supervisory powers and harmonised position-limits regime for commodity derivatives to improve transparency, support orderly pricing and prevent market abuse. A new framework will improve conditions for competition in the trading and clearing of financial instruments. MiFID II will introduce trading controls for algorithmic trading activities. Stronger investor protection is achieved by introducing better organisational requirements, such as client asset protection or product governance. The agreement strengthens the existing regime to ensure effective and harmonised administrative sanctions. A harmonised regime for granting access to EU markets for firms from third countries is based on an equivalence assessment of third country jurisdictions by the European Commission.

## ***EMIR***

The European Market Infrastructure Regulation ("**EMIR**") on over-the-counter ("**OTC**") derivatives, central counterparties and trade repositories entered into force on 16 August 2012. Regulations supplementing EMIR entered into force on 15 March and 15 September 2013. Further regulations supplementing EMIR are to be expected. EMIR introduces new requirements to improve transparency and reduce the risks associated with the derivatives market. EMIR also establishes common organisational, conduct of business and prudential standards for central counterparties ("**CCPs**") and trade repositories. The main obligations relevant for ABN AMRO under EMIR are (i) central clearing for certain classes of OTC derivatives, (ii) the application of risk mitigation techniques for non-centrally cleared OTC derivatives and (iii) reporting of both listed and OTC derivatives transactions. EMIR will

apply directly to any entity (financial as well as non-financial) established in the EU that has entered into a derivatives contract, and applies indirectly to non-EU counterparties trading with EU parties.

The implementation of EMIR increases ABN AMRO's reporting requirements on outstanding and new derivatives contracts. For non-centrally cleared contracts, ABN AMRO will need to comply with certain operational risk management requirements, including timely confirmation and the increased exchange of collateral. As from 12 February 2014, ABN AMRO is obliged to report on both listed and OTC derivatives transactions to an approved transaction repository.

### ***Packaged Retail Investment Products***

Packaged Retail Investment Products ("**PRIPS**") are investment products offered to retail clients in 'packaged' form, which are exposed to investment risk irrespective of whether the products in question are securities, insurance or banking-based. Investors do not invest directly in the 'packaged' investment products; instead, the provider of the investment product combines, includes or groups together different assets in the packaged product. A complex patchwork of regulation has developed to address these risks, and inconsistencies and gaps in the patchwork have raised concerns as to the overall effectiveness of the regulatory regime, both in relation to its capacity to protect investors and its ability to ensure the markets work efficiently. These concerns have been further heightened by the impact of the financial crisis.

Under a new draft PRIPS regulation, a standard key information document ("**KID**"), providing all relevant product information, will in future be provided by investment product manufacturers for PRIPS. The fact that the information document must be used for all product types will facilitate product comparison. The key information document will therefore enhance protection for small investors and create a level competitive playing field for investment product providers.

The European Parliament approved the new PRIPS regulation on 15 April 2014, after they had reached political agreement with the Council on 1 April 2014. This directive must still be formally adopted by the Council.

### ***Mortgage Credit Directive***

The European Parliament has adopted new mortgage lending rules. These rules are set out in a directive that aims to enhance protection to consumers taking out a mortgaged loan. It will become easier to compare mortgages, and consumers will get a cool-off period of seven days. The directive will also offer more protection when payment problems arise. Consumers will have the right to repay early, but Member States may make this subject to additional conditions. Finally, the directive introduces a licence and registration requirement and a European passport for credit brokers. The directive is required to be implemented by the Member States by 21 March 2016.

### ***PSD 2 and Multilateral Interchange Fees Regulation***

On 24 July 2013, the European Commission adopted a legislative package in the field of the EU payments framework. The package proposes a revised Payment Services Directive ("**PSD 2**") and a Regulation on Interchange Fees for card-based payment transactions. The PSD 2 will replace the PSD was required to be transposed into member state law on 1 November 2009 and required updating, i.e. inclusion of new entrants in the payments market such as third-party payment service providers and mobile payment services.

The main objectives of the legislative package (PSD 2) are, *inter alia*, (i) to make cross-border payments in the European Union as easy, efficient and secure as domestic payments, (ii) improve the level playing

field (including new players), (iii) improve consumer protection and (iv) facilitate the emergence of common technical standards and interoperability. The main objective of the Interchange Fees Regulation is to create a level playing field by removing barriers between national payment markets and allowing new entrants to enter the market, driving down the fees that retailers pay their banks and ultimately allowing consumers to benefit from lower retail prices.

Key elements of the PSD 2 that could impact ABN AMRO are: (i) access to payment accounts by other parties than the bank where the customer holds an account (Third Party Access), (ii) non-refundable direct debit and (iii) security requirements. Third Party Access as described in the proposal of the European Commission can be a threat as parties other than the bank focus on the customer-engagement components of the value chain and leave the commoditized transactional components to banks which could lead to disintermediation. The non-refundable direct debit is an opportunity for banks as this product improves the predictability of the cash flow of creditors (corporate customers). Security is and will remain a core element in the service offering of banks whereby it is important that the security requirements in the PSD 2 strike the right balance between ease of use and risk. Key elements of the Interchange Fees Regulation that could impact ABN AMRO are (i) the permillage based fee for debit card transactions and (ii) transparency requirements on interchange fees to merchants (detailed invoice). Retailers in The Netherlands are used to paying a fixed fee per debit card transaction. A change in this practice could have an impact on revenue of banks as retailers will not be inclined to pay a much higher fee for a high value debit card transaction and the transparency requirements will increase the cost base of banks.

### ***Data Protection Regulation***

The European Commission is currently in the process of reviewing the general EU legal framework on the protection of personal data. The main policy objectives sought by the European Commission in this reform are to: (i) modernise the EU legal system for the protection of personal data, in particular to meet the challenges resulting from globalisation and the use of new technologies, (ii) strengthen individuals' rights and at the same time reduce administrative formalities to ensure a free flow of personal data within the EU and beyond, (iii) improve the clarity and coherence of the EU rules for personal data protection and achieve consistent and effective implementation of the privacy rules and application of the fundamental right to the protection of personal data in all areas of the EU's activities. The European Commission intends to achieve this by substituting the current Privacy Directive of 1995 for a new regulation that will apply directly and uniformly throughout the European Union. This reform will have a major impact on the private sector and provides for significant fines, with fines reaching 5% of the worldwide turnover of a company (according to the European Parliament) or up to 2% of the worldwide turnover (according to the European Commission). The text of the regulation is not yet final, as the Council must determine its own standpoint before the text is debated and adopted. The regulation is expected to enter into force in 2016 or 2017. In parallel with EU legislative amendments to strengthen privacy protection, there are a number of Dutch initiatives in this field: amendment of the Dutch Data Protection Act (DPA) imposing the obligation to report data leaks (date of entry into force as yet unknown) and the new power of the Dutch privacy regulator, presumably as from 1 January 2015, to impose fines of up to EUR 810,000 per infringement, which may lead to cumulative fines.

### **Regulation and supervision in The Netherlands**

#### ***General***

The Dutch regulatory system applicable to ABN AMRO is a comprehensive system based on the provisions of the Wft which came into effect on 1 January 2007. The Wft sets out rules regarding prudential supervision (by DNB) and supervision of conduct (by the AFM). Prudential supervision focuses on the solidity of financial undertakings and contributes to the stability of the financial sector.

Supervision of conduct focuses on orderly and transparent financial market processes, clear relations between market participants and due care in the treatment of clients (including supervision of the securities and investment businesses).

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

### ***Prudential Supervision***

Prudential supervision of credit institutions in The Netherlands is performed by DNB under the Wft. 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 Wft focus on supervision of solvency, liquidity and administrative organization, including risk management and internal control. If, in the opinion of DNB, a credit institution fails to comply with the rules and regulations regarding the above mentioned subjects, DNB will notify the credit institution and may give the credit institution certain instructions. If the credit institution does not respond to any such instructions to the satisfaction of DNB, DNB is allowed to exercise additional supervisory measures that may include the imposition of fines and revocation of licenses.

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

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

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

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

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

The legislative minimum solvency requirements require that a credit institution maintain its own funds in an amount equal to at least 8% of its risk weighted assets. DNB sets bank-specific minimum requirements which are non-public.

#### ***Liquidity Supervision***

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

### *Structural Supervision*

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

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

### *Emergencies*

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

### *Dutch Intervention Act*

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

- transfer of all or part of the business (including deposits) of the relevant bank to a private sector purchaser;



- transfer of all or part of the business of the relevant bank to a "bridge bank"; and
- public ownership (nationalization) of the relevant bank and expropriation of debt securities.

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

On 1 February 2013, the Dutch Minister of Finance announced the nationalization of SNS Reaal N.V., acting under powers granted to him under the Dutch Intervention Act.

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

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

### ***Financial Markets Amendment Act 2013***

By the end of 2012, the final versions of the Financial Markets Amendment Act 2013 and the Financial Markets Amendment Decree 2013 were published. Most of the rules of the 2013 Amendment Act and Decree entered into effect as of 1 January 2013. They introduced both new and additional rules to existing law, in respect of (i) the mandatory product approval process, (ii) the oath/solemn affirmation for the financial sector (or what is often referred to as the 'bankers' oath'), (iii) requirements with respect to professional competences of advisors with client contact and (iv) a ban on commission payments.

### ***Financial Markets Amendment Act 2014***

The final Financial Markets Amendment Act 2014 was published on 5 December 2013 and the Financial Markets Amendment Decree 2014 was published on 17 December 2013. The 2014 Amendment Act and Decree came into effect on 1 January 2014 and contains amendments to a number of existing acts and decrees. Among other things, these amendments relate to (i) a general duty of care for financial services providers, (ii) the inducement ban for investment firms for investment services to non-professional clients, (iii) supervision of clearing and settlement institutions, (iv) the bank housing savings deposits and related debt becoming offsettable if the bank becomes insolvent, and (v) the asset segregation for investment institutions and UCITS.

Finally, the 2014 amendments introduce a national discretion deriving from CRD IV to impose (temporary) additional systemic relevance buffers (*systemrelevantiebuffer*). The Dutch central bank is to determine the amount of the systemic relevance buffer depending on the likelihood of an institution's situation disrupting the stability of the Dutch financial system. This could lead to additional Tier 1 capital add-ons of 1-2% relative to risk-weighted assets. The relevant additional buffers will need to be accrued

from 2016 onwards and fully implemented by the end of 2018. ABN AMRO was designated as a systemically important financial institution in 2011.

### ***Financial Markets Amendment Act 2015***

A consultation document for the Financial Markets Amendment Act 2015 was published on 14 August 2013 and a consultation document for the Financial Markets Amendment Decree 2015 was published on 14 March 2014. The 2015 Amendment Act and Decree are expected to enter into force on 1 January 2015. Two of the important suggested changes relate to the extension of the scope of the suitability and integrity test for daily policymakers (such as executive board members) and internal supervisors (such as supervisory board members) of licensed financial undertakings, and the extension of the scope of the so-called bankers' oath to a broader group of people active in the financial sector. In addition, the consultation document addresses the abolition of government contribution to funding of supervision of the financial markets, modernisation of the right of collection of premium contribution by insurance brokers and new rules on registered covered bonds.

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

A number of rules and regulations applying to the Dutch mortgage market entered into force in January 2013. These include fiscal measures that only allow tax deductibility of interest payments for new borrowers of annuity or linear mortgages. To be eligible for tax deductibility, new mortgage loans must be redeemed fully (100%) during the term of the loan based on an annuity or linear scheme. Existing mortgage loans are not impacted. However, for all mortgage loans, new and existing, tax deductibility will be gradually reduced by 0.5% per year over 27 years from a maximum of 51% to a maximum of 38%. This percentage will however not be reduced below the third bracket (which is 42% in 2014) for income tax purposes in any given year. These changes will most likely lead to a gradual decrease over the coming years of the amount of interest-only mortgages in ABN AMRO's portfolio.

The new rules also impose a gradual decrease in the maximum loan-to-value rate. The loan-to-value rate will decrease (in principle) from 105% as per 1 January 2013 to 100% as per 1 January 2018. Furthermore, new rules have been introduced for paid advisory services in the mortgage market. Clients will have to pay for the mortgage advice provided, and referral fees will no longer be allowed. New transparency rules have been introduced to promote competition in the mortgage market. These rules require mortgage lenders to publish their fees on their websites and to provide specific information on offers and renewal offers to new and existing clients.

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

On 1 January 2013, the Dutch government introduced a ban on referral fees relating to specific complex financial products, such as mortgages, life insurance and pension insurance. The goals are to increase transparency for consumers and ensure that the interests of consumers and their advisors are aligned. Financial advisors are required to provide transparency related to costs, terms of service and relations with relevant third parties and referral fees are prohibited for these products.

A similar ban on referral fees came into effect as of 1 January 2014 in relation to certain investment services, including, but not limited to, (i) individual portfolio management, (ii) investment advice and (iii) execution-only services, all in relation to financial instruments. The prohibition affects for instance inducement fees which used to be paid by investment funds to distributors. Under the new rules, only the client itself is allowed to pay commissions to the investment services provider.

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

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

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

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

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

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

Due to the introduction of the bank tax, ABN AMRO incurred a EUR 112 million surcharge in 2012 and a EUR 106 million surcharge in 2013, increasing expenses and the cost/income ratio. This measure will lead to costs in subsequent years.

### ***Temporary Resolution Act***

The Temporary Resolution Levy Act introduces a one-off bank levy of in total EUR 1 billion. The individual bank's contribution will be based on customer deposits that qualify for compensation under the Dutch Deposit Guarantee Scheme per 1 February 2013. It will be levied on 1 March 2014, 1 May 2014 and 1 July 2014, hence distributing the burden over the first three quarters of 2014. The impact of this proposal on ABN AMRO's results is currently estimated to be approximately EUR 200 million depending on the final details of the levy. This act is part of the total financing package of the nationalization of SNS REAAL on 1 February 2013.

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

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

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

The Dodd-Frank Act was passed into US law on 21 July 2010. The Dodd-Frank Act has been hailed as the most sweeping financial services regulatory reform legislation in the US since 1933. The legislation

covers a broad spectrum of issues ranging from systematic supervision, changes to the regulation of investment advisors and regulation of OTC derivatives, to measures aimed at improving consumer protection. Most of the impact on ABN AMRO's businesses is expected to result from the rules on OTC derivatives that are primarily used in the Markets business. For example, various provisions, such as mandatory clearing of swaps, trade execution through swap execution facilities, and reporting of OTC derivatives, will apply to the Issuer when transacting with US persons. Other provisions will apply only if ABN AMRO is required to register as a swap entity with the applicable US regulator.

Currently, there are two main regulatory agencies that are expected to issue further implementing rules: the U.S. Commodity Futures Exchange Commission ("CFTC") and the SEC. The CFTC has issued almost all of its rules and regulations, while the SEC has not. The major remaining outstanding rules of the CFTC are those relating to capital of registered swap entities and margin for uncleared swaps. Furthermore, the cross-border application of the rules on OTC derivatives is still being implemented. Based on the information gathered to date, the Issuer has not registered as a swap dealer with the CFTC. The SEC has not published registration rules and as of year-end 2013, there was no registered swap entity for those derivatives under its jurisdiction. The Issuer is monitoring legal developments and OTC derivatives volumes to determine the need for registration.

### ***FATCA***

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

ABN AMRO intends to become fully FATCA compliant, and expects FATCA to have an impact on client on-boarding processes, client administration and reporting systems. In addition, clients may receive requests to provide additional or updated information and documentation.

### **1.7 Legal and arbitration proceedings**

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

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

In 2009, ageas SA/NV (formerly known as "Fortis SA/NV") and ageas N.V. (formerly known as "Fortis N.V.") (together, "**Ageas**") initiated legal proceedings against ABN AMRO Capital Finance Ltd, ABN AMRO Bank and the Dutch State claiming EUR 363 million compensation for which Ageas was liable on the cash settlement date. Furthermore, on 7 December 2010 and in accordance with the transaction documentation, the EUR 2 billion of 8.75% Mandatory Convertible Securities converted into ordinary

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

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

### ***Madoff fraud***

ABN AMRO Bank, certain of its subsidiaries and some of their client funds had exposure to funds that suffered losses (in some cases, significant losses) as a result of the Madoff fraud. In some instances, ABN AMRO Bank and/or a subsidiary made collateralized loans to client funds that had indirect exposure to Bernard L. Madoff Investment Securities ("**BLMIS**"). In other instances, a subsidiary of ABN AMRO Bank entered into total return swap transactions with client funds that were indirectly exposed to BLMIS, and also purchased reference portfolio interests in funds that were exposed to BLMIS. If those BLMIS exposed funds remain impaired, ABN AMRO Bank estimates that its and its subsidiaries' losses could amount to EUR 922 million as provisionally provided for in 2008. In addition, certain subsidiaries of ABN AMRO Bank provided other services (including custodial and administration services) to client funds that had exposure to BLMIS. The provision of the custodial services has resulted in a number of legal claims, including by BLMIS' trustee in bankruptcy (Irving Picard), and liquidators of certain funds, as they pursue legal actions in attempts to recover payments made as a result of the Madoff fraud and/or to make good their alleged losses. ABN AMRO Bank subsidiaries are defending themselves in these proceedings to which they are defendants. In light of the preliminary status of those claims and other arrangements that may mitigate litigation exposure, it is not possible to estimate the total amount of ABN AMRO Bank subsidiaries' potential liability, if any. ABN AMRO Bank and its relevant subsidiaries are continuing to investigate and implement strategies for recovering the losses suffered. As previously reported, a total amount of EUR 16 million (exclusive of costs) was recovered in the first half of 2009. In 2011, 2012 and 2013, one of ABN AMRO Bank's subsidiaries was able to sell shares and limited partnership interests that were provided to it as collateral or which it had bought to hedge its exposure in the context of the collateralized loans and total return swap transactions referred to above. These sales resulted in proceeds of EUR 52 million, EUR 78 million and EUR 253 million, respectively, and an equivalent amount provided for in 2008 was subsequently released.

## **1.8 Recent developments**

On 2 April 2014 ABN AMRO announced that it had reached a negotiated result with the trade unions and the ABN AMRO Pension Fund on a new pension scheme for its employees in The Netherlands as part of the new collective labour agreement. The new pension scheme will be a collective defined contribution plan. As a result of this negotiated result, ABN AMRO will be released from its financial obligations under the Dutch defined benefit plan, resulting in a release of the related net pension asset/liability. Furthermore, the regulatory capital filter under the Basel III phased-in approach for the effects stemming from the revised pension accounting standard IAS 19 will be removed. The sum of the compensation payment of EUR 500 million pre-tax (EUR 375 million after tax), a EUR 200 million pre-tax lump sum (EUR 150 million after tax) for a catch-up indexation initiated by the pension fund, the release of the liability, and the effect of the removal of the regulatory capital filter, is expected to have a negative impact on the phased-in Basel III Common Equity Tier 1 (CET1) ratio of approximately 160bps. The impact on the fully loaded Basel III CET1 ratio is expected to be limited.

## 2. SHAREHOLDER, GROUP AND CONTROL

### 2.1 Shareholder

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

As of the date of this Base Prospectus, all shares in the capital of ABN AMRO Group N.V. are held by NLFI. NLFI holds a total voting interest of 100% in ABN AMRO Group N.V. NLFI is responsible for managing the shares in ABN AMRO Group N.V. and exercising all rights associated with these shares under Dutch law, including voting rights. Material or principal decisions require the prior approval of the Dutch Minister of Finance, who can also give binding voting instructions with respect to such decisions. NLFI is not permitted to dispose of or encumber the shares, except pursuant to an authorization from and on behalf of the Dutch Minister of Finance.

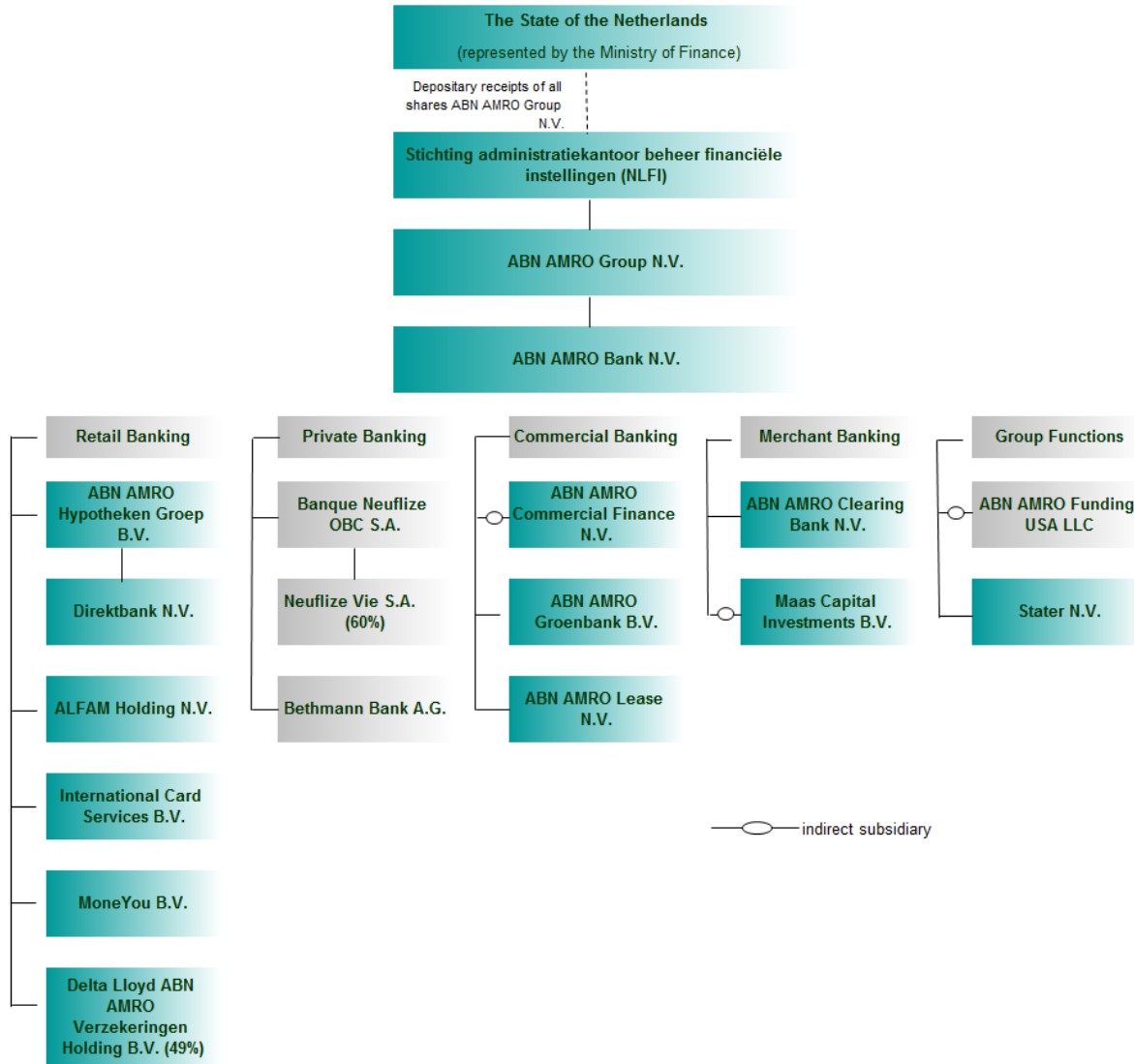
NLFI issued exchangeable depositary receipts for shares (without the cooperation of ABN AMRO Group N.V.) to the Dutch State. As sole holder of all issued exchangeable depositary receipts, the Dutch State holds an indirect economic interest of 100% in ABN AMRO Group N.V.

### 2.2 Group Governance

ABN AMRO Group N.V. is a public company with limited liability incorporated on 18 December 2009 under the laws of The Netherlands. The company has a two-tier board consisting of a Supervisory Board and a Managing Board. As noted in "*The Issuer—3. Management and Governance*", the memberships of the Supervisory Boards of ABN AMRO Group N.V. and ABN AMRO Bank are the same as are the memberships of the Managing Boards of ABN AMRO Group N.V. and ABN AMRO Bank and the committees of these boards.

## 2.3 Structure

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



## 2.4 Control

Until 29 September 2011, the Dutch State had direct control over ABN AMRO, however, the Dutch State was not involved in the day-to-day management of ABN AMRO. On 29 September 2011, all shares in the capital of ABN AMRO Group N.V. held by the Dutch State were transferred to NLFi, as described above. While it retains all options, the Dutch State has indicated that it favors an IPO.

In August 2013, the Dutch Minister of Finance sent a letter to Parliament, stating that (i) an IPO is the most realistic exit strategy for ABN AMRO, (ii) the decision on the timing of the exit has been postponed to the fall of 2014, and (iii) the final decision will depend on four prerequisites: (a) the financial sector is stable, (b) the market is ready, (c) ABN AMRO is ready and (d) the intention is to recover as much as possible of the total investments. The minister has instructed ABN AMRO to start IPO preparations in



order to potentially execute after a possible positive decision in the fall of 2014. NLFI is responsible for managing the shares in ABN AMRO Group N.V. and exercising the rights associated with these shares under Dutch law, including voting rights. Moreover, material or principal decisions require the approval of the Dutch Minister of Finance, who will also be able to provide binding voting instructions with respect to such decisions. NLFI's objectives exclude disposing of or encumbering the shares, except pursuant to an authorization from and on behalf of the Dutch Minister of Finance.

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

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

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

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

## **2.5 403 Statement**

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

The 403 Declaration is part of the Dutch company law provisions designed to enable subsidiaries of parent companies which publish consolidated annual accounts to obtain an exemption from the requirements to separately publish their own annual accounts. One of the conditions for obtaining such exemption is that a 403 Declaration is issued by the parent company and deposited with the Commercial Register of the Chamber of Commerce. The statutory provisions relating to 403 Declarations are contained in Article 2:403 and following of the Dutch Civil Code.

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

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

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

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

The authorized and issued share capital (ordinary and preference shares) and share premium reserve were impacted by the conversion of the EUR 2 billion liability resulting from the MCS into equity (see *"The Issuer—1. ABN AMRO Bank N.V.—1.7 Legal and arbitration proceedings—Settlement with Ageas"*). In connection with the Ageas settlement, ABN AMRO Group N.V. issued one class A ordinary share (nominal value of EUR 1.00) to NLFI in June 2012.

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

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

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.

### 3. MANAGEMENT AND GOVERNANCE

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

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

##### Responsibilities of the Supervisory Board

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

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

##### Composition of the Supervisory Board

The following persons are appointed as members of the Supervisory Board, together with an indication of their principal activities outside of ABN AMRO<sup>7</sup>:

<u>Name</u>	<u>Appointment date</u>	<u>Positions held</u>	<u>Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO</u>
Rik van Slingelandt, <i>Chair</i>	27 October 2010  Reappointed on 10 April 2014 for a period of 2 years as member and Chairman of the Supervisory Board	<i>Last position:</i> Member of the Managing Board of Rabobank	Supervisory Director, Kahn Scheepvaart B.V.  Member of Board, Stichting Neijenburg  Chairman, Save the Children Fund Nederland
Hans de Haan	18 December 2009  Reappointed on 10 April 2014 for a period of 1 year	<i>Last position:</i> Chartered accountant and partner with Ernst & Young Accountants	Member of Board, Stichting) Trustee Achmea Hypotheekbank  Chairman of Board, Stichting Lehman Brothers Treasury Co B.V.

<sup>7</sup> Except for their principal functions in ABN AMRO or its subsidiaries, directors' other functions within ABN AMRO or its subsidiaries have not been included. Each member of the Supervisory Board is also member of the Supervisory Board of ABN AMRO Group N.V.

Steven ten Have	30 March 2010  Reappointed on 10 April 2014 for a period of 4 years	<i>Current position:</i> Partner with Ten Have Change Management and professor of Strategy & Change at Vrije Universiteit in Amsterdam	Chairman of Supervisory Board, Cito B.V.  Vice-Chair of Supervisory Board, Stichting Cito Instituut voor Toetsontwikkeling (Foundation Cito Institute for Educational Testing Development)  Chairman, Postgraduate Study Change Management, Vrije Universiteit, Amsterdam  Member of Board, Stichting INK (Institute for Netherlands Quality)  Chairman, Foundation Center for Evidenced Based Management
Bert Meerstadt	30 March 2010  Reappointed on 10 April 2014 for a period of 4 years	<i>Current position:</i> CEO Baarsma Wine Group Holding	Member of Supervisory Board, Lucas Bols  Chairman of Board, Friends of Concertgebouw and Royal Concertgebouw orchestra  Chairman of Marketing Advisory Board Rijksmuseum  Member of Board, Society for Prevention and Rescue of Drowning Victims  Chair of Board Blinden-Penning Foundation for the Blind and Visually Impaired
Marjan Oudeman	1 April 2010  Reappointed on 10 April 2014 for a period of 4 years	<i>Current position:</i> President of Executive Board of Utrecht University	Member of Supervisory Board, Statoil ASA  Member of Supervisory Board, Platform Bèta Techniek  Member of Supervisory Board, Rijksmuseum  Member of Supervisory Board of the Concertgebouw Foundation  Member of Board of Nationaal Fonds 4 en 5 mei
Annemieke Roobeek	30 March 2010  Reappointed on 10 April 2014 for a period of 3 years	<i>Current position:</i> Professor of Strategy and Transformation Management (Nyenrode University) and director and owner of MeetingMoreMinds, Open Dialogue B.V. and XL Labs B.V.	Member of Supervisory Board, Abbott Healthcare Products B.V.  Member of Supervisory Board, KLM N.V.  Member Advisory Board Koninklijke Horeca Nederland  Member PGGM Advisory Board for Responsible Investment  Chairperson REFILL  Chairperson of INSID, Institute for sustainable innovation & development by His Royal Highness Prince Carlos de Bourbon Parma

			Member of Board, Foundation of the Medical Centre of the Vrije Universiteit, Amsterdam
			Member Raad van Eigen Wijzen CPI Governance
			Member, Siruis Leading Expert for Excellence in Higher Education
Peter Wakkie	18 December 2009	<i>Current position:</i> Partner at law firm Spinath & Wakkie B.V.	Chairman of Supervisory Board, Wolters Kluwer N.V.
	Reappointed on 10 April 2014 for a period of 3 years		Member of Supervisory Board, TomTom International B.V.
			Member of Supervisory Board, BCD Holdings N.V.
			Member of Board, Association for Corporate Litigation
			Member of Board, VEUO

### **Activities of the Supervisory Board**

The Supervisory Board of ABN AMRO has three committees:

#### ***Audit Committee***

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

#### ***Remuneration, Selection & Nomination Committee***

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

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

The Risk & Capital Committee advises the Supervisory Board on subjects relating to risk management and risk control and prepares the Supervisory Board's decision-making in these areas. The committee is in charge of the annual approval of the bank's risk appetite; the periodical profile; the assessment of its risk management functions and the testing of its risk framework. The committee is also tasked with supervision of the bank's capital and liquidity position and its funding. The committee periodically

discusses legal and compliance-related matters. The committee consists of Rik van Slingelandt (Chair), Hans de Haan, Annemieke Roobeek and Peter Wakkie.

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

#### Responsibilities of the Managing Board

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

Managing Board members are appointed for a period of four years and may be reappointed for a term of four years at a time.

#### Composition of the Managing Board

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

<b>Name</b>	<b>Date of Appointment</b>	<b>Principal activities performed by them outside ABN AMRO which are significant with respect to ABN AMRO</b>
Gerrit Zalm, <i>Chairman</i>	1 April 2010	Non-executive Director, Royal Dutch Shell
	Reappointed on 10 April 2014 for a period of 4 years	Chairman Advisory Council, "Wigo-4it", a cooperative effort of the social welfare organizations of the four largest cities in The Netherlands
		Member of Board, Dutch Banking Association
		Chairman Board of Governors National Academy for Finance and Economics
Johan van Hall, <i>Chief Operating Officer &amp; Vice-Chairman</i>	18 December 2009	Member of Supervisory Board, Equens SE (pan-European processor of payments and cards)
	Reappointed on 10 April 2014 for a period of 4 years	Member of Board, Nyenrode Europe India Institute
		Member, Central Commission for Statistics (CCS)
		Chairman, Foundation ABN AMRO Support for Support
Kees van Dijkhuizen, <i>Chief</i>	1 May 2013	Member of Board, Duisenberg School of Finance

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

*Financial Officer*

		Member, AFM Capital Market Commission
		Chairman of Committee on Supervision of Dutch Banking Association
		Chairman of Government Committee on Export, Import and Investment guarantees
		Member of Supervisory Board, TNO
		Member of Board of Trustees, Museum Meermanno
Caroline Princen, <i>People, Regulations &amp; Identity Officer</i>	1 April 2010	Member of Board, VUmc Alzheimercentrum
	Reappointed on 10 April 2014 for a period of 4 years	Member of Supervisory Board, EYE Film Institute
		Member of Supervisory Board, WIFS (Women in Financial Services)
		Chairperson, ABN AMRO Foundation
Wietze Reehoorn, <i>Chief Risk Officer &amp; Strategy</i>	1 April 2010	Member of Supervisory Board, Rijksuniversiteit Groningen
	Reappointed on 10 April 2014 for a period of 4 years	Member of Board, Abe Bonnema Stichting
		Member of Supervisory Board, Amsterdam Institute of Finance
		Member of Supervisory Board, Topsport Community
Chris Vogelzang, <i>Retail &amp; Private Banking</i>	1 April 2010	Member of the Board, Dutch Banking Association
	Reappointed on 10 April 2014 for a period of 4 years	Member of Supervisory Board, Hespri Holding
		Member of Supervisory Board, Prins Bernhard Cultuurfonds
		Member of Board, Marketing Advisory Board Rijksmuseum
		Treasurer, Stichting Fotografiemuseum (FOAM)
Joop Wijn, <i>Commercial &amp; Merchant Banking</i>	1 April 2010	Chairman of the Board, Oranje Fonds
	Reappointed on 10 April 2014 for a period of 4 years	Member of the Supervisory Board, Schiphol Group
		Member of the Board, VNO-NCW
		Member of the Supervisory Board, Royal Jaarbeurs Utrecht
		Member of Supervisory Board, Stadsherstel Amsterdam

### **3.3 Conflict of interest and address information**

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

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



## 4. OPERATING AND FINANCIAL REVIEW

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

*In 2012, ABN AMRO finalized the integration of ABN AMRO Bank and Fortis Bank Nederland. In 2013, ABN AMRO presented its results on a reported basis, which means that historical periods will no longer be adjusted for costs related to the integration. The integration costs are, however, part of the special items as defined in section 4.2 Key factors affecting results of operations – Special items and divestments.*

*Furthermore, ABN AMRO adopted the amended pension accounting standard IAS 19 as from 1 January 2013. As a result, all 2012 disclosed figures have been adjusted accordingly for comparison purposes. In 2013, accrued interest is presented as part of the relevant balance sheets accounts, versus the separate line items (i) accrued income and prepaid expenses and (ii) accrued expenses and deferred income in previous years. This change has no impact on equity, total assets or net profit. All 2012 disclosed figures have been adjusted accordingly for comparison purposes. The 2011 disclosed figures have not been adjusted for the amended IAS 19 and accrued interest adjustments described above.*

*The reported results for the years ended and as at 31 December 2013, 2012 and 2011 included in this Operating and Financial Review have been audited.*

*Allocation of costs has been refined as from 2011, with the majority of the costs of Group Functions now allocated to the businesses. Items not allocated to the businesses include operating results from ALM/Treasury, general restructuring charges, certain integration costs and costs for the Dutch Deposit Guarantee Scheme.*

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

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

### 4.1 Presentation of Financial Information

#### Consolidated Annual Financial Statements 2013 and 2012

The Consolidated Annual Financial Statements 2013 and 2012 have been prepared in accordance with IFRS-EU, on a mixed model valuation basis as follows:

- Fair value is used for:
  - Derivative financial instruments;
  - Financial assets and liabilities held for trading or designated as measured at fair value through income;
  - Available-for-sale financial assets;

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

#### *Changes in accounting policies*

#### **Amended IAS 19 Employee Benefits**

ABN AMRO has adopted the amended IAS 19 Employee Benefits in accordance with the transitional provisions which require retrospective application. The opening statements of financial position as of 1 January 2012 and the comparative figures of 2012 have been adjusted. Further details are included in note 30 "*Pension and other post-retirement employee benefits*" to the Consolidated Annual Financial Statements 2013.

#### **IFRS 7 Financial Instruments: Disclosures Offsetting**

The amendments to IFRS 7 are intended to enable users of financial statements to better evaluate the effects or potential effects of offsetting on the entity's financial positions. The disclosures are included in Chapter 15 (*Risk management*) of the Annual Report 2013 which has been incorporated by reference herein, including comparative figures for 2012.

#### **IFRS 13 Fair Value Measurement**

On 1 January 2013, ABN AMRO adopted IFRS 13 Fair Value Measurement. In accordance with its transitional provisions, IFRS 13 is applied prospectively. Fair value is defined in IFRS 13 as the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date. The change had no significant impact on the measurement of assets and liabilities. Further details are included in note 39 "*Fair value of financial instruments*" to the Consolidated Annual Financial Statements 2013.

#### **IAS 1 Presentation of Financial Statements**

Amendments to IAS 1 represent changes in the presentation of Other comprehensive income. Amendments are addressed in the Consolidated statement of comprehensive income of the Consolidated Annual Financial Statements 2013. The application of the amendment had no impact on ABN AMRO.

#### **Improvements to IFRSs (2009-2011)**

As of 1 January 2013 ABN AMRO adopted the improvements to IFRSs 2009-2011 cycle. Those amendments had no significant impact on the 2013 Annual Financial statements. The amendments are listed below:

- ▶ IFRS 1 First-time adoption of International Financial Reporting Standards;
- ▶ IAS 1 Presentation of Financial Statements;

- ▶ IAS 16 Property, Plant and Equipment;
- ▶ IAS 32 Financial Instruments: Presentation.

#### *New accounting standards and interpretations*

The following new or revised standards and interpretations will become effective for ABN AMRO in 2014. These were issued by the IASB, endorsed by the European Union.

#### **IFRS 10 Consolidated Financial Statements**

IFRS 10 replaces all of the consolidation guidance of IAS 27 Consolidated and separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. Consolidation is required when there is control that is defined as a combination of power, exposure to variability in returns and a link between the two. IAS 28, Investments in Associates and Joint Ventures is also amended for conforming changes based on the issuance of IFRS 10. ABN AMRO has completed its impact assessment and concluded that there were no significant changes in its financial statements.

#### **IFRS 11 Joint Arrangements**

IFRS 11 overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint ventures and SIC 13 Jointly controlled Entities. It uses the principles of control in IFRS 10 in defining joint control and concluding whether joint control exists or may change. The new standard does not allow proportional consolidation of joint ventures and the equity method must be applied. ABN AMRO has completed its impact assessment and concluded that there were no significant changes in its financial statements.

#### **IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 includes disclosure requirements for interests in and risks arising from subsidiaries, joint arrangements, associated and structured entities. These requirements are not limited to consolidated entities. ABN AMRO is currently assessing the impact on its financial statements.

#### **Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition Guidance**

In June 2012, the IASB issued amendments to IFRS 10, IFRS 11 and IFRS 12. These amendments limit the requirements to provide adjusted comparative information only to the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

#### **IAS 32 Financial Instruments: Presentation**

These amendments clarify the offsetting requirements for financial assets and financial liabilities. ABN AMRO has concluded that the amendment has no significant impact on its offsetting policies.

The following new or revised standards and interpretations were issued by the IASB, which will become effective for ABN AMRO in or after 2014. These standards and interpretations have not yet been endorsed by the European Union and are therefore not open for early adoption.

#### **IFRS 9 Financial Instruments**

The IASB finalised two phases of IFRS 9 in its work on the replacement of IAS 39 and issued standards for Classification and measurement of financial assets and liabilities as well as general hedge accounting.

The IASB expects to issue a final standard for impairments in 2014, for which an exposure draft has been issued. The IASB has stated that an effective date has not been set yet. ABN AMRO is currently assessing the impact on its financial statements.

### **IAS 19 Employee Benefits**

In November 2013, the IASB issued narrow scope amendments to IAS 19 Employee Benefits. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective from 1 July 2014 with earlier application permitted. The amendment has no material impact on ABN AMRO.

### **IAS 36 Impairment of Assets**

In May 2013, the IASB issued amendments to IAS 36. These amendments address disclosure requirements for recoverable amount information if this amount is based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The application of this amendment impacts disclosures only.

### **IAS 39 Financial Instruments: Recognition and Measurement**

In June 2013, the IASB issued amendments to IAS 39 titled Novation of Derivatives and Continuation of Hedge Accounting. This amendment allows hedge accounting to continue in a situation where a derivative, designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations. The effective date is 1 January 2014. The amendment does not impact ABN AMRO.

### **IFRIC 21 Levies**

In May 2013, the IASB issued IFRIC 21 Levies. This IFRS interpretation applies to all government-related levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The timing of charging levies to the income statement is clarified according to IAS 37. The bank will apply the interpretation as from 1 January 2014 prospectively. The interpretation will not have any significant impact on the income statement or balance sheet.

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

### **General market conditions**

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

Economic developments in recent years have impacted Dutch banks. Revenues came under pressure due to weaker demand for certain banking products. Costs were driven up by preparations for and the introduction of new or revised regulations. Loan impairments increased due to a rise in defaults and a

decline in the value of (commercial) property portfolios, among other things. These developments did not affect the profits and capital ratios of all banks equally, due in part to differences in scale and geographic scope and the relative impact of loan impairments. Lower profitability combined with stricter capital requirements prompted both Dutch and foreign banks active in The Netherlands to reconsider their existing mix of activities, choices in new lending, dividend policies and geographic allocation of capital. The relatively large share of mortgages on Dutch banks' balance sheets and the situation on the housing market made banks cautious in their mortgage lending. Furthermore, a number of foreign banks gave priority in lending to their home markets, slowed down growth of their Dutch activities and, in some cases, sold off portfolios.

## **Special items and divestments**

### ***Impact of special items***

In the year ended 31 December 2013, several special items, including several significant releases, had a combined positive impact of EUR 408 million net of tax on the Group's results. No integration costs were recorded in 2013.

- These special items included:
  - releases of Greek impairments in the amount of EUR 324 million net of tax (EUR 432 million pre-tax);
  - a release of Madoff-related impairments in the amount of EUR 221 million net of tax (EUR 253 million pre-tax);
  - a restructuring provision of EUR 28 million net of tax (EUR 37 million pre-tax);
  - a reassessment of part of the securities financing activities conducted abroad which have been discontinued, leading to a EUR 70 million net of tax negative impact (same effect pre-tax); and
  - the costs of the wind-down of non-client-related equity derivatives activities, leading to a EUR 39 million net of tax negative impact (EUR 52 million pre-tax).

In the year ended 31 December 2012 several special items were recorded, having a combined positive impact of EUR 49 million net of tax on the Group's results.

- These positive items included:
  - integration costs of EUR 337 million net of tax (EUR 450 million pre-tax);
  - releases from Credit Umbrella and other EC Remedy-related provisions totaling EUR 210 million positive net of tax (EUR 215 million pre-tax);
  - a release of Greek impairments of EUR 94 million net of tax (EUR 125 million pre-tax);
  - Madoff-related impairment releases (EUR 75 million net of tax);
  - release of a provision related to the sale of the Swiss Private Banking activities; and
  - small additions to the restructuring provision taken in 2011.

In the year ended 31 December 2011 several special items had a negative impact of EUR 917 million net of tax on the Group's results:

- integration costs of EUR 271 million net of tax (EUR 362 million pre-tax)

- loan impairments on the Greek Government-Guaranteed Corporate Exposures (total amount of EUR 880 million pre-tax, EUR 660 million net of tax) highly impacted the results;
- a EUR 135 million restructuring provision was recorded for further restructurings and staff reductions (EUR 187 million pre-tax); and
- several positive one-offs (totaling approximately EUR 150 million net of tax), including items resulting from a further integration of systems and methodologies, gains on sales of participating interests and buildings and a release related to the Madoff provision, were recorded in the first half of 2011.

### *Impact of divestments*

The results have been impacted by several divestments completed in 2012 and 2011. As of the date of completion of the divestments listed below, the results from these activities are no longer part of the ABN AMRO Group results.

Divestments in 2013 consist of the decrease of ownership of European Multilateral Clearing Facility from 78% to 25%. Ownership of European Multilateral Clearing Facility is now shared equally among Depository Trust & Clearing Corporation, BATS Chi-X, Nasdaq OMX and ABN AMRO Clearing Bank. This divestment was completed on 5 December 2013. The result of this transaction on the Group's net result was negligible, as was its impact on the income statement.

For comparison purposes, the following activities were divested in 2012:

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

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

- The sale of Prime Fund Solutions ("**PFS**") was completed on 2 May 2011. The sale did not materially impact earnings or regulatory capital. The results of PFS were recorded in Group Functions;
- The sale of the international division of Fortis Commercial Finance to Fortis Bank SA/NV (a consolidated subsidiary of BNP Paribas Group) was completed on 3 October 2011. The sale led to a small book loss and did not have a material impact on earnings or on regulatory capital. The results of the international division of Fortis Commercial Finance were recorded in Commercial Banking;

The sale of the Swiss Private Banking activities to Union Bancaire Privée, UBP SA was finalized on 31 October 2011. The sale of these activities led to a book gain.

## **Regulatory environment**

ABN AMRO conducts its businesses subject to financial services laws and regulations, as well as other laws and regulations (including behavioral requirements), rules, stress testing exercises, corporate governance requirements and administrative actions and policies in some or all of the locations in which it operates. DNB, the AFM and other regulators in various jurisdictions may impose further restrictions and conditions on ABN AMRO. In accordance with the single supervisory mechanism which became effective on 4 November 2013 the ECB will become the single supervisor for the prudential supervision of credit institutions that qualify as a significant bank. The Issuer is identified as a significant bank. Amongst others, the ECB will be responsible for market access and will supervise the Issuer's capital requirements and governance. While the ECB cannot make binding decisions until the operational start of its supervision on 4 November 2014, its future actions may result in further requirements being imposed on the Issuer, including but not limited to capital and liquidity. The timing and form of future changes in any laws, regulations or other rules, requirements, exercises, actions and policies or in the interpretation thereof, are unpredictable and beyond the Issuer's control, and any such changes made could materially adversely affect the Issuer's business, the products and services the Issuer offers or the value of its assets or extent of its liabilities.

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

## **Separation and Integration**

Cumulative integration-related synergies in the period from 2009 to 2012 amounted to approximately EUR 1.0 billion at the year-end 2012, mainly related to office space savings, IT savings and workforce reductions. Several activities were divested as a result of which the synergies related to these activities could not be realized. In addition, during the integration period EUR 0.2 billion of expected cost increases were avoided leading to a lower-than-expected cost base. The targeted integration synergies of EUR 1.1 billion as from 2013 were translated into a cost/income ratio between 60% and 65%. The 2012 cost/income ratio of 64% (which includes the new bank tax and separation and integration related items) was within this targeted range, reflecting the successful realization of the synergies. In 2013, the cost/income ratio was 65%, mainly due to higher pension costs related to the amended IAS 19.

## **European Commission State Aid Investigation**

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

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

- A ban on acquisitions above a certain amount (not applicable to certain activities such as private equity);
- A continuation of the price leadership restrictions similar to the ones implemented in 2010 (expired on 5 April 2014); and
- A ban on advertising state ownership.

Most measures were implemented for the duration of three years, starting 5 April 2011. The restrictions imposed on acquisitions and advertising state ownership will be prolonged to a maximum of five years as long as the Dutch State continues to hold more than 50% of the ordinary shares.

On 14 June 2011, ABN AMRO filed an appeal against the European Commission's decision, more precisely against the acquisition ban imposed thereby. The appeal was rejected on 8 April 2014, leaving the acquisition ban in place.

### **Interest rate fluctuations**

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

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

### **Liquidity and funding**

ABN AMRO seeks to ensure that it is in a position to meet its obligations at any time. To this end, ABN AMRO maintains a diversified and stable funding base comprising core consumer and commercial customer deposits and institutional balances, and short-term and long-term wholesale funding. In addition, ABN AMRO holds portfolios of highly liquid assets diversified by currency and maturity to enable it to respond to unusual liquidity requirements.

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

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



ABN AMRO is subject to the threat of illiquidity and/or extreme price volatility, either directly or indirectly, through exposures to securities, loans and other commitments. Although there was some moderation in market conditions during 2011, 2012 and 2013 in the primary markets, it is difficult to predict if this trend will continue. If conditions worsen, ABN AMRO's markets, products and other businesses may be adversely affected.

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

### **Exchange rate fluctuations**

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

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

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

### **Interest income and expenses**

Interest income and expenses are recognized in the income statement for all interest bearing instruments (whether classified as held to maturity, available-for-sale, designated at fair value through profit or loss or non-trading derivatives) on an accrual basis using the effective interest rate method including the value adjustments to the carrying amount of the hedged item related to the termination of a fair value hedge of interest risk.

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

### **Fee and commission income**

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

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

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

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

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

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

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

### **Net trading income**

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

### **Results from financial transactions**

Results from financial transactions include gains and losses on the sale of non-trading financial assets and liabilities, ineffectiveness of hedging programs, the change in fair value of derivatives used for hedging purposes that are not included in hedge accounting relationships, fair value changes relating to assets and liabilities designated at fair value through income and changes in the value of any related derivatives. For liabilities designated at fair value through profit or loss, it includes changes in ABN AMRO credit spreads. Dividend income from non-trading equity investments, excluding associated companies, is recognized when entitlement is established.

### **Other income**

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

### **Operating expenses**

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

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

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

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

impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

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

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

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

## 4.4 Results of operations for the years ended 31 December 2013 and 2012

### *Selected Consolidated financial information*

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>(in millions of euros)</i>	
Net interest income .....	5,380	5,028
Net fee and commission income .....	1,643	1,556
Other non-interest income .....	301	754
Operating income .....	7,324	7,338
Personnel expenses.....	2,357	2,151
Other expenses.....	2,413	2,535
Operating expenses .....	4,770	4,686
<i>Operating result</i> .....	2,554	2,652
Impairment charges on loans and other receivables .....	983	1,228
<i>Profit/(loss) before tax</i> .....	1,571	1,424
Income tax (expense)/credit .....	411	271
<b><i>Profit/(loss) for the period</i></b> .....	<b>1,160</b>	<b>1,153</b>
	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
Cost/income ratio .....	65%	64%
Return on average Equity (IFRS-EU).....	8.5%	8.5%
Return on average RWA (in bps) .....	99	92
	<b>As at 31 December</b>	
	<b>2013</b>	<b>2012</b>
RWA/Total assets .....	29%	31%
Assets under Management (in EUR billion) .....	168.3	163.1
Risk-weighted assets (in EUR billion) .....	109	121.5
FTEs .....	22,289	23,059

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

ABN AMRO's net profit for the year ended 31 December 2013 amounted to EUR 1,160 million, virtually unchanged compared with the year ended 31 December 2012. A number of significant releases had a significant impact on these results. The releases were related to the remaining Greek government-guaranteed corporate exposures and the sale of collateral related to the Madoff files. The results for the year ended 31 December 2012 were also impacted by a number of special items, though to a lesser extent. Excluding special items for both years, the net profit for the year ended 31 December 2013 would have amounted EUR 752 million, a decline of 32%. The main factors that led to this decline were higher pensions costs, a considerable rise in loan impairments over 2013 within Commercial Banking and Retail Banking, and lower results for Markets activities.

The results for the years ended 31 December 2013 and 2012 were influenced by several special items. The results in the year ended 31 December 2012 was also influenced by several divestments. See "The

*Issuer—4. Operating and Financial Review—4.2 Key factors affecting results of operation—Special items and divestments".*

## **Operating income**

Operating income amounted to EUR 7,324 million for the year ended 31 December 2013, virtually unchanged compared to the year ended 31 December 2012. Excluding special items, operating income would have risen 5%. 82% of total operating income was generated in The Netherlands. Net interest income amounted to EUR 5,380 million in 2013, up 7% compared with 2012. The improved results were predominantly driven by higher margins on the loan portfolio. Net fee and commission income rose by 6% to EUR 1,643 million in 2013 due to higher management fees within Private Banking from increased client activity and a growth of assets under management. ECT and corporate finance also showed higher fee income.

Other non-interest income dropped by 60% to EUR 301 million for the year ended 31 December 2013, a decline of EUR 453 million. Excluding special items for both years, other non-interest income would have decreased by EUR 117 million to EUR 423 million due mainly to lower results in trading and sales activities within Markets. Income from Private Equity also declined as valuations and exit results were lower.

## **Net interest income**

### *Net interest income*

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>(in millions of euros)</i>	
<b>Interest income</b>		
Cash and balances at central banks.....	-	5
Financial investments available-for-sale.....	227	351
Loans and receivables - banks.....	345	631
Loans and receivables - customers.....	10,609	11,116
Other.....	842	935
Total interest income.....	<u>12,023</u>	<u>13,038</u>
<b>Interest expense</b>		
Due to banks.....	353	474
Due to customers.....	2,817	3,385
Issued debt.....	1,123	1,882
Subordinated liabilities.....	308	271
Other.....	2,042	1,998
Total interest expense.....	<u>6,643</u>	<u>8,010</u>
<b>Net interest income.....</b>	<u><b>5,380</b></u>	<u><b>5,028</b></u>

Net interest income amounted to EUR 5,380 million for the year ended 31 December 2013, up EUR 352 million, or 7% compared to the year ended 31 December 2012. The improved results were predominantly

driven by higher margins on the loan portfolio. The decrease in the interest income from loans and receivables - banks is mainly due to the cancellation of specific investment deals. The decrease in the loans and receivables - customers interest income is mainly due to lower interest revenues on the mortgage portfolio. The decrease in the due to banks interest expense is mainly due to cancellation of specific investment deals. The decrease in the due to customers interest expense is mainly due to lower expenses on deposits in Retail & Private banking and Commercial & Merchant banking. Interest expense on Issued debt decreased mainly due to lower interest expenses and a decrease in volumes.

### ***Net fee and commission income***

#### ***Net fee and commission income***

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>(in millions of euros)</i>	
<b>Fee and commission income</b>		
Securities and custodian services.....	1,144	1,179
Insurance and investment fees.....	79	94
Portfolio management and trust fees.....	452	362
Payment services.....	680	648
Guarantees and commitment fees.....	142	134
Other service fees.....	142	135
<b>Total fee and commission income.....</b>	<b>2,639</b>	<b>2,552</b>
<b>Fee and commission expense</b>		
Securities and custodian services.....	705	739
Insurance and investment fees.....	23	18
Portfolio management and trust fees.....	68	40
Payment services.....	162	168
Guarantees and commitment fees.....	8	9
Other service fees.....	30	22
<b>Total fee and commission expense.....</b>	<b>996</b>	<b>996</b>
<b>Total net fee and commission income.....</b>	<b>1,643</b>	<b>1,556</b>

Net fee and commission income increased by 6% or EUR 87 million from EUR 1,556 million for the year ended 31 December 2012 to EUR 1,643 million for the year ended 31 December 2013 mainly due to higher management fees related to Assets under Management in the private banking portfolio as a result of an increase in the volume. The increase was also driven by higher commissions earned on credit and debit cards and an increase in portfolio fees as a result of higher share prices.

## *Net trading income*

### *Net trading income*

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>(in millions of euros)</i>	
Interest instruments trading.....	148	293
Equity trading.....	(200)	98
Foreign exchange transaction results.....	239	91
Other.....	(81)	(219)
<b>Total net trading income.....</b>	<b>106</b>	<b>263</b>

Net trading income decreased by 60% or EUR 157 million from EUR 263 million for the year ended 31 December 2012 to EUR 106 million for the year ended 31 December 2013 mainly as a result of the wind-down of the non-client related equity derivative portfolio's compared to 2012. This was partly offset by lower Credit Value Adjustments (CVA) on the interest rate derivatives portfolio and cancellation of specific financing deals in 2012.

Interest instruments trading were lower due to the gradual termination of the activities in equity derivatives started in 2012 (EUR 80 million). Furthermore fair value of the over-the-counter (OTC) interest rate derivatives portfolio was lower due to a significant upward movement of the market interest rate curve in 2013 (EUR 60 million). Equity trading decreased mainly as a result of the higher market interest rate (EUR 126 million). The decrease was also driven by the loss on the Total Return Swap portfolio caused by a move in credit spread and exchange rate results (EUR 102 million).

Foreign exchange results were higher mainly due to the cancellation of specific financing deals. Other trading income mainly increased due to the lower CVAs (EUR 60 million).

## Results from financial transactions

### Results from financial transactions

	<u>Year ended 31 December</u>	
	<u>2013</u>	<u>2012</u>
	<i>(in millions of euros)</i>	
<b>Net result on the sale of</b>		
Available-for-sale debt securities.....	11	8
Available-for-sale equity investments.....	18	45
Loans and advances.....	(7)	-
<b>Impairments of</b>		
Impairments of Available-for-sale equity investments.....	(2)	(4)
Impairments of other equity instruments.....	(1)	-
<b>Other net results</b>		
Other equity investments.....	(20)	20
Dividends.....	7	18
Fair value changes in own credit risk and repurchase of own debt.....	(7)	(24)
Net result on risk mitigants.....	5	(16)
Other.....	(16)	(16)
<b>Total result from financial transactions.....</b>	<b>(12)</b>	<b>31</b>

Results from financial transactions decreased by 139% or EUR 43 million from EUR 31 million over the year ended 31 December 2012 to EUR (12) million over the year ended 31 December 2013.

Result on Available-for-sale debt securities increased by EUR 3 million due to the sale of Government Bonds in 2013, mainly caused by the sale of US Treasury Bills, German and Austrian bonds.

Result related to Available-for-sale equity investments decreased by EUR 27 million. The sale of an equity investment in 2013 resulted in a gain of EUR 10 million. But the gain on sale of London Metal Exchange in 2012 (EUR 36 million) resulted in the decrease of EUR 27 million compared to 2012.

Loans and advances resulted in a loss mainly due to a loss on the sale of the loan portfolio of MeesPierson Curacao (EUR 4 million). Result on Other equity investments resulted in a loss of EUR 20 million (2012: gain EUR 20 million). This decline was mainly caused by negative Fair Market Value adjustments of the participations in 2013 whereas 2012 recorded favorable revaluations.

Dividends decreased as a result of the cease of the specific financing deals compared to the previous year (2013: EUR 0 million, 2012: EUR 14 million). This result was partly offset by dividend of equity accounted investments (2013: EUR 7 million, 2012: EUR 4 million).

Fair value changes in own credit risk and repurchase of own debt increased mainly due to a decrease related to the Debt Value Adjustment (2013: loss EUR 7 million, 2012: loss EUR 23 million).

Net result on risk mitigants includes the positive result related to the ineffectiveness of specific hedge accounting programs.



Other includes economic hedges (e.g. hedges not qualified for hedge accounting) amounting to a loss of EUR 13 million (2012: loss EUR 11 million). Revaluation of the funding by Private Investment Products, as far as they form part of the trading portfolio, resulted in a loss of EUR 29 million for 2013 (2012: loss 109 million) due to developments in liquidity spread. Exchange rates changes resulted in a profit of EUR 53 million (2012: gain EUR 76 million). Sales and buyback losses of EUR 42 million were mainly generated by a Guaranteed Government Bond tender in 2012.

### **Operating expenses**

Operating expenses rose by 2% to EUR 4,770 million for the year ended 31 December 2013 as compared to EUR 4,686 million for the year ended 31 December 2012. Excluding special items, expenses increased by 12% (to EUR 4,733 million). This increase was in part due to the increase in pension costs of EUR 353 million largely as a result of a sharply lower discount rate used in 2013. In addition, higher costs were booked for change projects, and expenses last year included compensation from a service level agreement related to the EC Remedy which was terminated in 2012.

### **Operating result**

The operating result for the year ended 31 December 2013 was EUR 2,554 million, a decrease of EUR 98 million or 4%, compared to EUR 2,652 million for the year ended 31 December 2012. The cost/income ratio over 2013 was 65% as compared to 64% over 2012. Excluding special items, the operating result for the year ended 31 December 2013 would have come down by 6% to EUR 2,713 million as a result of higher pension costs, partly offset by higher revenues. The cost/income ratio excluding special items was 64% for the year ended 31 December 2013.

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

Impairment charges on loans and other receivables amounted to EUR 983 million for the year ended 31 December 2013, compared to EUR 1,228 million for the year ended 31 December 2012, but includes EUR 685 million of releases on the Greek and Madoff files. Excluding these special items, loan impairments amounted to EUR 1,668 million in 2013, an increase of EUR 237 million compared with 2012. In terms of cost of risk (impairment charges over average RWA), this amounted to 143bps in 2013 compared with 114bps in 2012. Higher loan impairments for SMEs, consumer lending and mortgages were the main cause of this increase.

Domestically-focused SMEs were hit particularly hard by the decline in domestic spending. For SMEs, both the inflow into the Financial Restructuring & Recovery department as well as the proportion of files which ultimately need to be liquidated increased compared with the previous year.

The impairments over the total mortgage book amounted to 24bps over 2013, up from 16bps in 2012. Mortgage impairment charges have remained relatively constant in the past five quarters, indicating an end to the rise seen since 2011.

### **Income tax expenses**

The effective rate was 26.2% in 2013 (2012: 19.0%) and differs from the theoretical rate that would arise using the statutory tax rate of 25% in The Netherlands. ABN AMRO's effective tax rate in 2013 was mainly affected by profits and losses outside The Netherlands taxed against different corporate income tax rates than in The Netherlands, non-taxable gains and income, and a significant amount of non-deductible bank tax.

## FTEs

The total number of FTEs declined by 770 to 22,289 at year-end 2013 due to amongst others natural attrition (677), reorganizations (403) and several other factors, offset by an inflow of 1,192.

## Assets under Management

Assets under Management increased by EUR 5.2 billion to EUR 168.3 billion at 31 December 2013 compared to EUR 163.1 billion at 31 December 2012, due to market performance. Net new assets in The Netherlands were more than offset by a decrease in Jersey.

## Selected Consolidated Balance Sheet Movements

### *Condensed Consolidated statement of financial position*

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>(in millions of euros)</i>	
<b>Assets</b>		
Cash and balances at central banks.....	9,523	9,796
Financial assets held for trading.....	23,867	24,343
Financial investments.....	28,111	21,730
Loans and receivables - banks.....	31,210	46,461
Loans and receivables - customers.....	268,147	276,967
Other.....	11,164	14,461
<b>Total assets.....</b>	<b>372,022</b>	<b>393,758</b>
<b>Liabilities</b>		
Financial liabilities held for trading.....	14,248	20,098
Due to banks.....	15,833	21,304
Due to customers.....	215,643	216,757
Issued debt.....	88,682	95,048
Subordinated liabilities.....	7,917	9,736
Other.....	16,131	17,932
<b>Total liabilities.....</b>	<b>358,454</b>	<b>380,875</b>
<b>Equity</b>		
Equity attributable to owners of the parent company.....	13,555	12,864
Equity attributable to non-controlling interests.....	13	19
<b>Total equity.....</b>	<b>13,568</b>	<b>12,883</b>
<b>Total liabilities and equity.....</b>	<b>372,022</b>	<b>393,758</b>

### *Total assets*

Total assets declined by EUR 21.7 billion to EUR 372.0 billion at 31 December 2013 primarily due to a decline in loans and receivables – banks and loans and receivables – customers.

The year-end 2013 balance sheet includes activities divested in 2013. See "*The Issuer—4. Operating and Financial Review—4.2 Key factors affecting results of operations—Special items and divestments*".

The year-end 2012 balance sheet includes activities divested in 2012. See "*The Issuer—4. Operating and Financial Review—4.2 Key factors affecting results of operations—Special items and divestments*".

#### *Cash and balances at central banks*

Cash and balances at central banks was relatively stable at EUR 9,523 million as at 31 December 2013 compared to EUR 9,796 million at 31 December 2012.

#### *Financial assets held for trading*

Financial assets held for trading decreased by EUR 0.5 billion to EUR 23.9 billion as at 31 December 2013 due to lower valuation of the interest rate derivative positions, which also led to a decrease in the Financial liabilities held for trading. This was offset to a large extent by the fact that equity derivative client positions were hedged using underlying securities rather than derivatives.

#### *Loans and receivables – banks*

Loans and receivables – banks decreased by EUR 15.3 billion to EUR 31.2 billion. Outstanding securities financing client positions were EUR 7.0 billion lower than in 2012. The remainder of the decline was mainly due to lower deposits with the ECB as well as a decrease in pledged cash collateral.

#### *Loans and receivables – customers*

Loans and receivables – customers decreased by EUR 8.8 billion to EUR 268.1 billion as at 31 December 2013. Securities financing was responsible for EUR 3.4 billion of this decline. Commercial loans came down by EUR 2.1 billion (partly due to the sale of EUR 1.0 billion of Greek government-guaranteed corporate loans and EUR 0.4 billion in Madoff-related loans) where most businesses, with the exception of ECT, posted a small decrease in outstanding volumes. The mortgage portfolio shrank by EUR 3.6 billion as a result of extra repayments and lower new production. The total mortgage portfolio was EUR 150.5 billion at 31 December 2013.

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

### *Loans and receivables - customers*

	<b>As at 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>(in millions of euros)</i>	
<b>Loans and receivables - customers (excl. securities financing activities)</b>		
Retail Banking.....	157,755	161,985
Private Banking.....	16,920	17,344
Commercial Banking.....	40,153	42,595
Merchant Banking.....	38,520	35,148
Group Functions.....	3,680	5,380
Securities financing activities.....	11,119	14,515
<b>Total loans and receivables - customers.....</b>	<b>268,147</b>	<b>276,967</b>

### *Total liabilities*

Total liabilities decreased by EUR 22.4 billion to EUR 358.5 billion as at 31 December 2013. The increase in consumer deposits was more than offset by a decline in securities financing volumes and wholesale funding. Lower market values on interest rate derivatives also led to a decrease.

### *Financial liabilities held for trading*

Financial liabilities held for trading at 31 December 2013 decreased by 5.9 billion or (29%) to EUR 14,248 billion compared to EUR 20,098 billion at 31 December 2012 mainly as a result of lower market values of interest rate derivatives.

### *Due to customers*

Due to customers declined by EUR 1.1 billion to EUR 215.6 billion at year-end 2013, with the decline in securities financing positions largely offset by an increase in deposits of EUR 6.0 billion. The total savings market in The Netherlands grew, on top of which ABN AMRO increased its market share to 24%. Deposits grew particularly in Retail Banking in The Netherlands as well as at MoneYou (the online brand) in Belgium and Germany. Private Banking deposits increased somewhat as growth in The Netherlands was partly offset by a decline outside The Netherlands. Commercial Banking also posted a rise in deposits. The decrease in Merchant Banking was mainly recorded within Markets (including Clearing).

### *Due to customers*

	<b>As at 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>(in millions of euros)</i>	
<b>Total deposits</b>		
Retail Banking.....	87,515	82,176
Private Banking.....	59,751	59,061
Commercial Banking.....	37,871	34,574
Merchant Banking.....	19,051	21,590
Group Functions.....	3,049	3,861
Other (incl. securities financing activities).....	8,406	15,495
<b>Total Due to customers.....</b>	<b>215,643</b>	<b>216,757</b>

### *Issued Debt*

Issued debt decreased by EUR 6.4 billion to EUR 88.7 billion at year-end 2013. Commercial Paper and Certificates of Deposit declined by EUR 5.5 billion at year-end 2013. Maturing long-term funding, as well as transactions which were called or tendered, was more than offset by new issuance. Fair value movements led to a decrease of EUR 1.6 billion.

### *Subordinated Liabilities*

Subordinated liabilities declined by EUR 1.8 billion or 19% in 2013 to EUR 7,917 million at 31 December 2013 from EUR 9,736 million at 31 December 2012 as several lower Tier 2 instruments were called that were not Basel III compliant.

### *Total equity*

Total equity grew by EUR 0.7 billion, rising from EUR 12.9 billion at year-end 2012 to EUR 13.6 billion at year-end 2013. The increase was due predominantly to the profit for the period. This was partly offset by the call of EUR 210 million of preference shares, the payment of EUR 250 million final dividend to ordinary shareholders over 2012, and the payment of EUR 150 million of interim dividend over 2013.

### **Results of operations by segment for the years ended 31 December 2013 and 2012**

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

## Retail Banking

### Selected Retail Banking financial information

	Year ended 31 December	
	2013	2012
	<i>(in millions of euros)</i>	
Net interest income .....	2,941	2,604
Net fee and commission income .....	465	465
Other non-interest income .....	29	36
Operating income .....	3,435	3,105
Personnel expenses.....	494	393
Other expenses.....	1,278	1,231
Operating expenses .....	1,772	1,624
<i>Operating result</i> .....	1,663	1,481
Impairment charges on loans and other receivables .....	598	383
<i>Profit/(loss) before tax</i> .....	1,065	1,098
Income tax (expense)/credit .....	277	276
<b><i>Profit/(loss) for the period</i></b> .....	<b>788</b>	<b>822</b>

	Year ended 31 December	
	2013	2012
Cost/income ratio .....	52%	52%
Return on average RWA (in bps) .....	254	267
Cost of risk (in bps).....	193	125

	As at 31 December	
	2013	2012
Loan-to-deposit ratio.....	174%	190%
Loans and receivables customers (in EUR billions).....	157.8	162
<i>Of which: mortgages</i> .....	147.3	150.7
Due to customers (in EUR billions).....	87.5	82.2
Risk-weighted assets (in EUR billion) .....	32.6	30.1
FTEs (end of period).....	6,227	6,335

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

Retail Banking's net profit for 2013 decreased by EUR 34 million or 4% to EUR 788 million. Higher impairment charges and expenses were partly offset by the strong increase in operating income.

### *Operating income*

Operating income increased by EUR 330 million to EUR 3,435 million for the year ended 31 December 2013 as a result of increased net interest income.

### *Net interest income*

Net interest income rose by EUR 337 million to EUR 2,941 million for the year ended at 31 December 2013. The increase was due to the change in liquidity compensation (the methodology for determining the internal liquidity compensation applied to deposits was changed in 2013) as well as higher margins and higher savings volumes. Deposit volumes increased by EUR 5.3 billion in 2013, with the MoneYou label, also active in Germany and Belgium, accounting for the bulk of this growth. As of 2013, staff benefits on mortgage rates are booked as interest costs within each business segment rather than a compensation to Retail Banking through expenses. This has led to a one-off increase in both net interest income and expenses within Retail Banking.

### *Net fee and commission income*

Net fee and commission income remained unchanged at EUR 465 million for the year ended 31 December 2013.

### *Operating expenses*

Operating expenses showed a moderate increase from EUR 1,624 million for the year ended 31 December 2012 to EUR 1,772 million for the year ended 31 December 2013 or 9%. This increase is due to higher pension costs. Personnel expenses grew by EUR 101 million mainly due to the impact of higher pension costs as a result of the application of the amended IAS 19. Other expenses increased due to the abovementioned change made to booking of staff benefits on mortgages.

### *Operating result*

The operating result improved by EUR 182 million or 12% for the year ended 31 December 2013 to EUR 1,663 million compared to EUR 1,481 million for the year ended 31 December 2012 and the cost/income ratio amounted to 52%, unchanged from 2012 notwithstanding the increase in pension costs.

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

Impairment charges on loans and other receivables rose by 56% to EUR 598 million. Half of the increase in impairment charges was attributable to mortgages, the other was attributable to the consumer lending portfolio.

### *Loans and receivables – customers*

Loans and receivables – customers came down slightly compared with year-end 2012 to EUR 157.8 billion at year-end 2013. The mortgage book continued its gradual decline. Low new production due to a still sluggish housing market as well as extra repayments were the main drivers for the decline in outstanding volume. The amount of consumer loans declined slightly.

### *Due to customers*

Due to customers rose by 6% to EUR 87.5 billion at year-end 2013. ABN AMRO managed to increase its share of the growing savings market. Outside The Netherlands, MoneYou posted growth in Germany and Belgium, accounting for the remainder of the volume increase.

### *FTEs*

The number of FTEs decreased by 108 to 6,227 at 31 December 2013.

## Private Banking

### Selected Private Banking financial information

	Year ended 31 December	
	2013	2012
	<i>(in millions of euros)</i>	
Net interest income .....	586	537
Net fee and commission income .....	539	508
Other non-interest income .....	58	69
Operating income .....	1,183	1,114
Personnel expenses.....	453	417
Other expenses.....	440	471
Operating expenses .....	893	888
<i>Operating result</i> .....	290	226
Impairment charges on loans and other receivables .....	113	203
<i>Profit/(loss) before tax</i> .....	177	23
Income tax (expense)/credit .....	41	(28)
<b><i>Profit/(loss) for the period</i></b> .....	<b>136</b>	<b>51</b>

	Year ended 31 December	
	2013	2012
Cost/income ratio .....	75%	80%
Return on average RWA (in bps) .....	138	37
Cost of risk (in bps).....	115	148

	As at 31 December	
	2013	2012
Loan-to-deposit ratio	28%	28%
Loans and receivables customers (in EUR billions)	16.9	17.4
<i>Of which: mortgages</i> .....	3.2	3.4
Due to customers (in EUR billions).....	59.8	59.1
Risk-weighted assets (in EUR billion) .....	9.3	10.7
FTEs (end of period).....	3,523	3,648

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

Private Banking's profit in 2013 amounted to EUR 136 million. The increase of EUR 85 million compared with last year is primarily due to lower impairments in the ID&JG business. In addition, Private Banking posted higher income, while costs remained unchanged.

### *Operating income*

Operating income amounted to EUR 1,183 million for the year ended 31 December 2013, an increase of 6% as a result of higher net interest income and higher net fee and commission income.



### *Net interest income*

Net interest income rose by EUR 49 million to EUR 586 million for the year ended 31 December 2013. Excluding the change in the liquidity compensation (the methodology for determining the internal liquidity compensation applied to deposits was changed in 2013), net interest income would have shown a limited decline.

### *Net fee and commission income*

Net fee and commission income benefited from higher client activity as well as higher assets under management, increasing by 6% to EUR 539 million for the year ended 31 December 2013. Other noninterest income declined by EUR 11 million, although this was mainly the result of a release on divested activities booked in 2012.

### *Operating expenses*

Operating expenses were relatively flat, at EUR 893 million for the year ended 31 December 2013. Higher pension costs were offset by lower project costs.

### *Operating result*

The operating result increased by EUR 64 million to EUR 290 million for the year ended 31 December 2013, while the cost/income ratio improved to 75% from 80%.

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

Impairment charges on loans and other receivables came to EUR 113 million for the year ended 31 December 2013 compared with EUR 203 million for the year ended 2012, mainly due to a number of impairments in ID&JG in 2012 whereas some releases were booked in 2013.

### *Loans and receivables – customers*

Loans and receivables – customers declined by EUR 0.5 billion, or 2% decline to EUR 16.9 billion at 31 December 2013 compared to EUR 17.4 billion at 31 December 2012. Like in the Dutch retail business, mortgages and consumer loans decreased somewhat.

### *Due to customers*

Due to customers increased marginally, to EUR 59.8 billion. The increase of EUR 1.8 billion in The Netherlands was offset by a decline in the international network, mainly in Jersey.

### *FTEs*

The number of FTEs decreased by 125 to 3,523 at 31 December 2013.

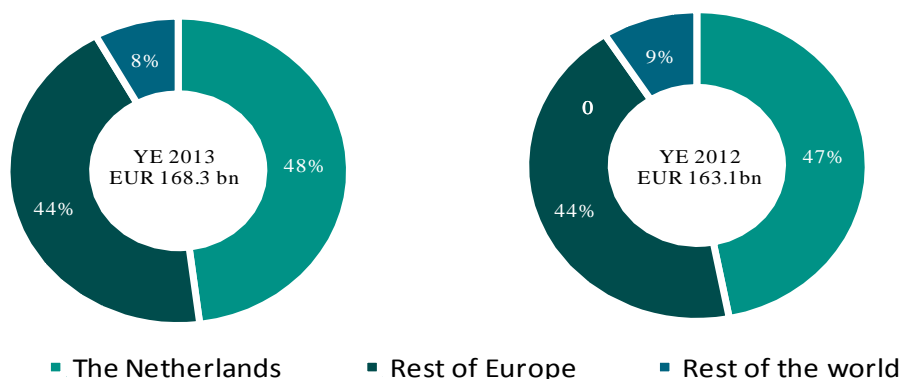
### *Assets under Management*

Assets under Management increased by EUR 5.2 billion to EUR 168.3 billion at 31 December 2013 due to market performance. Net new assets in The Netherlands were more than offset by a decrease in Jersey.

## AuM development

	As at 31 December	
	2013	2012
	<i>(in billions of euros)</i>	
<b>Opening balance as at 1 January</b>	163.1	146.6
Net new assets.....	(2.0)	3.1
Market performance.....	7.1	13.4
Divestments/acquisitions.....	-	-
Other (including sales/acquisitions).....	0.1	-
<b>Balance at 31 December.....</b>	<b>168.3</b>	<b>163.1</b>

## AuM by geography



## Commercial Banking

### Selected Commercial Banking financial information

	Year ended 31 December	
	2013	2012
	<i>(in millions of euros)</i>	
Net interest income .....	1,385	1,264
Net fee and commission income .....	273	302
Other non-interest income .....	27	19
Operating income .....	1,685	1,585
Personnel expenses.....	292	255
Other expenses.....	606	680
Operating expenses .....	898	935
<b>Operating result.....</b>	<b>787</b>	<b>650</b>
Impairment charges on loans and other receivables .....	796	587
<b>Profit/(loss) before tax .....</b>	<b>(9)</b>	<b>63</b>
Income tax (expense)/credit .....	(1)	22
<b>Profit/(loss) for the period .....</b>	<b>(8)</b>	<b>41</b>

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
Cost/income ratio .....	53%	59%
Return on average RWA (in bps) .....	-3	15
Cost of risk (in bps).....	294	214

	<b>As at 31 December</b>	
	<b>2013</b>	<b>2012</b>
Loan-to-deposit ratio	106%	122%
Loans and receivables customers (in EUR billions)	40.2	42.6
Due to customers (in EUR billions).....	37.9	34.6
Risk-weighted assets (in EUR billion) .....	24.7	28.8
FTEs (end of period).....	3,048	3,249

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

Commercial Banking posted a strong increase in its operating result due to higher net interest income and lower costs. However, this was more than offset by higher impairments, resulting in an EUR 8 million net loss for 2013, a decline of EUR 49 million compared with the previous year.

### *Operating income*

Operating income amounted to EUR 1,685 million for the year ended 31 December 2013, an increase of EUR 100 million primarily as a result of higher net interest income, despite the divestment of some insurance activities in 2012.

### *Net interest income*

Net interest income rose by 10% to EUR 1,385 million for the year ended 31 December 2013 as a limited decline in outstanding commercial loans was more than offset by higher margins. In addition, increasing commitment fees are being charged on current accounts.

### *Net fee and commission income*

Net fee and commission income declined by 29 million, or 10%, from EUR 302 million for the year ended 31 December 2012 to EUR 273 million for the year ended 31 December 2013, due chiefly to the divestment of part of the insurance activities partly offset by higher transaction fees. Fee income also declined due to a reclassification of interbank payment fees from other costs to negative fee income.

### *Operating expenses*

Operating expenses declined by 4% in 2013 to EUR 898 million. Personnel expenses increased by 15% to EUR 292 million for the year ended 31 December 2013, primarily as a result of higher pension costs partly offset by a reduction in FTEs. Other expenses dropped by EUR 74 million largely due to the abovementioned reclassification.

### *Operating result*

The operating result showed a strong increase of 21% to EUR 787 million for the year ended 31 December 2013. The cost/income ratio improved by 6 percentage points to 53% from 59% in 2012.

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

Impairment charges on loans and other receivables amounted to EUR 796 million in 2013, an increase of 36% compared with 2012. Impairment levels for Corporate Clients (clients with turnover between EUR 30 and EUR 500 million) remained flat, with the full increase in loan impairments due to SMEs. The construction, retail, commercial real estate and horticulture sectors were particularly affected. Files now remain longer within the Financial Restructuring & Recovery department and the proportion of clients that are restored to health has declined. Inflow of SMEs in the Financial Restructuring & Recovery department remains high.

### *Loans and receivables – customers*

Loans and receivables – customers came down by EUR 2.4 billion to EUR 40.2 billion at year-end 2013 as commercial loans declined, partly offset by growth within factoring.

### *Due to customers*

Due to customers increased by 10% to EUR 37.9 billion at year-end 2013, due to volume growth both in Corporate Clients and Business Banking (SMEs).

### *FTEs*

The number of FTEs decreased by 201 to 3,048 at year-end 2013.

## Merchant Banking

### Selected Merchant Banking financial information

	Year ended 31 December	
	2013	2012
	<i>(in millions of euros)</i>	
Net interest income .....	673	652
Net fee and commission income .....	370	376
Other non-interest income .....	114	433
Operating income .....	1,157	1,461
Personnel expenses.....	326	277
Other expenses.....	612	637
Operating expenses .....	938	914
<i>Operating result</i> .....	219	547
Impairment charges on loans and other receivables .....	163	256
<i>Profit/(loss) before tax</i> .....	56	291
Income tax (expense)/credit .....	45	27
<b><i>Profit/(loss) for the period</i></b> .....	<b>11</b>	<b>264</b>
	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
Cost/income ratio .....	81%	63%
Return on average RWA (in bps) .....	3	60
Cost of risk (in bps).....	40	58
	<b>As at 31 December</b>	
	<b>2013</b>	<b>2012</b>
Loan-to-deposit ratio	184%	155%
Loans and receivables customers (in EUR billions)	49,4	49,7
Due to customers (in EUR billions).....	27,5	37
Risk-weighted assets (in EUR billion) .....	34,7	45,5
FTEs (end of period).....	2,204	2,142

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

Net profit for 2013 amounted to EUR 11 million a decline of EUR 253 million from 2012. Excluding special items, net profit would have amounted to EUR 120 million, a decline of EUR 144 million compared with 2012. This was due to lower results across a wide array of market activities as well as the strategic decision to terminate the non-client-related equity derivatives business and lower results for Private Equity, offset by lower loan impairments.

### *Operating income*

Operating income declined by EUR 304 million to EUR 1,157 million in 2013 compared with 2012.

### *Net interest income*

Net interest income rose by 3% to EUR 673 million. Interest income from ECT, Real Estate, and Large Corporates increased which was partly offset by lower results at securities financing as the 2012 results benefited from higher margins following the European sovereign debt crisis.

### *Net fee and commission income*

Net fee and commission income decreased by 2% to EUR 370 million for the year ended 31 December 2013. Other non-interest income, excluding special items, declined by 45% to EUR 236 million. Within Markets, trading income was lower across the board, although this was due in part to the strategic decision to terminate the non-client related part of the business, bringing down income compared with 2012. Private Equity also contributed to the decline as favourable revaluations in 2012 were followed by negative revaluations in 2013.

### *Operating expenses*

Operating expenses increased by 3% to EUR 938 million for the year ended 31 December 2013.

Personnel expenses rose 18% to EUR 326 million for the year ended 31 December 2013 mainly as a result of higher pension costs. Other expenses were down 4% to EUR 612 million for the year ended 31 December 2013.

### *Operating result*

Operating result declined by EUR 328 million to EUR 219 million in 2013. The operating result excluding special items declined by EUR 206 million to EUR 341 million in 2013 and the cost/income ratio excluding special items rose to 73% from 63% in 2012.

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

Impairment charges on loans and other receivables decreased by EUR 93 million to EUR 163 million in 2013. The decline was mainly due to a significant provision booked in 2012 for a single client.

### *Loans and receivables – customers*

Loans and receivables – customers amounted to EUR 49.4 billion at year end 2013, virtually unchanged compared with 2012. Growth was recorded in ECT and Clearing, offset by a decline within client volumes in securities financing activities.

### *Due to customers*

Due to customers declined by EUR 9.6 billion to EUR 27.5 billion in 2013. This decrease was mainly attributable to lower client volumes in securities financing activities.

### *FTEs*

The number of FTEs increased by 62 to 2,204 at 31 December 2013.

## Group Functions

The majority of the costs of Group Functions are allocated to the business segments. Items that are not allocated to the business segments include, among other things, the operating result from AML/Treasury, general restructuring charges, certain integration costs and costs for the Dutch Deposit Guarantee Scheme.

### Selected Group Functions financial information

	Year ended 31 December	
	2013	2012
	<i>(in millions of euros)</i>	
Net interest income .....	(205)	(29)
Net fee and commission income .....	(4)	(95)
Other non-interest income .....	73	197
Operating income .....	(136)	73
Personnel expenses.....	792	809
Other expenses.....	(523)	(484)
Operating expenses .....	269	325
<i>Operating result</i> .....	(405)	(252)
Impairment charges on loans and other receivables .....	(687)	(201)
<i>Profit/(loss) before tax</i> .....	282	(51)
Income tax (expense)/credit .....	49	(26)
<b><i>Profit/(loss) for the period</i></b> .....	<b>233</b>	<b>(25)</b>
	<b>As at 31 December</b>	
	<b>2013</b>	<b>2012</b>
Loans and receivables customers (in EUR billions)	3.9	5.4
Due to customers (in EUR billions).....	3.1	3.9
Risk-weighted assets (in EUR billion) .....	7.7	6.4
FTEs (end of period).....	7,287	7,685

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

Profit for Group Functions rose to EUR 233 million over the year ended 31 December 2013 from a net loss of EUR 25 million as a result of significant impairment releases, offset by lower operating income and higher expenses. Excluding these, Group Functions would have posted a net loss of EUR 285 million.

### *Operating income*

Operating income decreased by EUR 209 million in 2013. Operating income excluding special items remained virtually unchanged in 2013 compared to 2012.

### *Net interest income*

Net interest income decreased by EUR 176 million to EUR 205 million for the year ended 31 December 2013, due mainly to the previously mentioned change to the liquidity compensation of EUR 312 million. The mismatch result increased due to lower short-term interest rates. The costs of funding as well as capital increased somewhat as maturing debt issued before the crisis was refinanced at higher spread levels.

### *Net fee and commission income*

Net fee and commission income increased by EUR 91 million to negative EUR 4 million in 2013, due mainly to a reallocation of fees paid for interbank payments to the business. Other non-interest income, excluding special items, increased by EUR 91 million due to changes to the valuations within the investment and trading portfolios as well as higher DVA.

### *Operating expenses*

Operating expenses decreased by EUR 56 million to EUR 269 million for the year ended 31 December 2013. Operating expenses excluding special items increased by EUR 357 million.

Personnel expenses showed a marginal decline in 2013, however in 2012 EUR 162 million of integration costs of the pension funds was booked (part of special items). Excluding special items, personnel expenses increased due to higher pension costs, partly offset by lower FTEs.

Other expenses decreased slightly by EUR 39 million. Other expenses excluding special items increased mainly as compensation from a service level agreement (related to the EC Remedy) lowered expenses in 2012 and due to higher costs for change projects, slightly offset by lower depreciation costs.

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

Impairment charges on loans and other receivables was negative EUR 687 million in 2013, compared to negative EUR 201 million in 2012, and was primarily a result of the releases on Madoff and the Greek loans.

### *FTEs*

The number of FTEs decreased by 398 to 7,287 at year-end 2013.



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

### *Selected Consolidated financial information*

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
Net interest income .....	5,028	4,998
Net fee and commission income .....	1,556	1,811
Other non-interest income .....	754	985
Operating income .....	7,338	7,794
Personnel expenses.....	2,151	2,517
Other expenses.....	2,535	2,840
Operating expenses .....	4,686	5,357
<i>Operating result</i> .....	2,652	2,437
Impairment charges on loans and other receivables .....	1,228	1,757
<i>Profit/(loss) before tax</i> .....	1,424	680
Income tax (expense)/credit .....	271	(9)
<b><i>Profit/(loss) for the period</i></b> .....	<b>1,153</b>	<b>689</b>
	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
Cost/income ratio .....	64%	69%
Return on average Equity (IFRS-EU).....	8.5%	5.6%
Return on average RWA (in bps) .....	92	61
	<b>As at 31 December</b>	
	<b>2012</b>	<b>2011</b>
RWA/Total assets .....	31%	29%
Assets under Management (in EUR billion) .....	163.1	146.6
Risk-weighted assets (in EUR billion) .....	121.5	118.3
FTEs .....	23,059	24,225

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

Profit for the year ended 31 December 2012 increased by EUR 464 million, or 67%, to EUR 1,153 million, as compared to EUR 689 million for the year ended 31 December 2011. This increase was primarily the result of lower pension expenses, lower impairment charges on loans and other receivables and releases from the Credit Umbrella and other EC Remedy-related provisions, partially offset by a reassessment of tax positions related to prior years and higher integration costs in 2012. Excluding divestments and special items for both years, underlying net profit would have been 34% lower than 2011 due mainly to a sharp increase in loan impairments.

The results in both the year ended 31 December 2012 and 2011 were influenced by several special items as well as by several divestments. See "*The Issuer—4. Operating and Financial Review—4.2 Key factors affecting results of operations—Special items and divestments*".

## Operating income

Operating income for the year ended 31 December 2012 decreased by EUR 456 million, or 6%, to EUR 7,338 million, as compared to EUR 7,794 million for the year ended 31 December 2011. Excluding divestments, it declined by 2%. This decrease is primarily the result of the decreases in net fee and commission income and net trading income discussed below. Out of total operating income, 82% of operating income was generated in The Netherlands, 12% came from the rest of Europe and 6% in the rest of the world.

### *Net interest income*

#### *Net interest income*

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

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

## Net fee and commission income

### Net fee and commission income

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
<b>Fee and commission income</b>		
Securities and custodian services.....	1,179	1,106
Insurance and investment fees.....	94	110
Portfolio management and trust fees.....	362	392
Payment services.....	648	597
Guarantees and commitment fees.....	134	148
Other service fees.....	135	195
<b>Total fee and commission income.....</b>	<b>2,552</b>	<b>2,548</b>
<b>Fee and commission expense</b>		
Securities and custodian services.....	739	549
Insurance and investment fees.....	18	20
Portfolio management and trust fees.....	40	51
Payment services.....	168	70
Guarantees and commitment fees.....	9	14
Other service fees.....	22	33
<b>Total fee and commission income.....</b>	<b>996</b>	<b>737</b>
<b>Total net fee and commission income.....</b>	<b>1,556</b>	<b>1,811</b>

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

## Net trading income

### Net trading income

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

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

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

### **Results from financial transactions**

#### **Results from financial transactions**

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

Results from financial transactions for the year ended 31 December 2012 decreased by EUR 243 million, or 89%, to EUR 31 million, as compared to EUR 274 million for the year ended 31 December 2011. This decrease was mainly driven by decreases in economic hedges and a revaluation of funding by private investment products, partially offset by net results on the sale of available-for-sale debt securities and of available-for-sale equity investments. The result on Available-for-sale debt securities increased due to sale of German bonds (EUR 5 million) and Dutch bonds (EUR 3 million) in 2012. The loss in 2011 of EUR 40 million was caused by the sale of a part of its investment portfolio. On the Statement of financial position, EUR 300 million Italian government bonds matured as well as a sale of EUR 1.2 billion of Dutch, German and French bonds (gain EUR 16 million). Cash from matured and sold bonds was reinvested. The result related to Available-for-sale equity investments increased mainly due to the gain on the sale of London Metal Exchange shares in 2012 (EUR 36 million). Dividends decrease as a result of the lower performance of specific financing deals, which came to EUR 13 million (2011: EUR 53 million).

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

Net result on risk mitigants includes the negative result related to the ineffectiveness of specific hedge accounting programmes. More details on hedge accounting can be found in note 40 "*Hedge accounting*" to the Consolidated Annual Financial Statements 2012.

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

### **Operating expenses**

Operating expenses for the year ended 31 December 2012 decreased by EUR 671 million, or 13%, to EUR 4,686 million, as compared to EUR 5,357 million for the year ended 31 December 2011. This decrease was largely the result of lower pension expenses and lower integration costs combined with the result of additional cost synergies resulting from the integration, and reclassifications of leasing costs and costs for international payment services (EUR 118 million) to operating income. These were partially offset by wage inflation.

Personnel expenses decreased by EUR 366 million to EUR 2,151 million in 2012 as compared to 2,517 in 2011. This decrease was mainly due to lower pension expenses, a decrease in FTEs and divestments. The integration costs for the pension fund recorded in 2012 were offset by a reorganization provision taken in 2011.

Other expenses decreased to EUR 2,535 million, down by 11% compared to 2011 due mainly to lower integration expenses in 2012.

### **Operating result**

The operating result increased modestly to EUR 2,652 million for the year ended 31 December 2012, up 9% compared to 2011. The cost/income ratio improved to 64% in 2012 (from 69% in 2011). This improvement reflected the realization of integration synergies and was in line with the targeted cost/income ratio of 60-65% set for year-end 2012 following the completion of the integration.

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

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

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

### **Income tax expenses**

The effective tax rate increased to 19% in 2012 from 8% in 2011. The effective tax rate went up primarily as a result of a reassessment of the tax positions related to prior years and a higher amount of tax-exempt income in 2011.

### **FTEs**

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

### **Assets under Management**

Assets under Management grew by EUR 16.5 billion to EUR 163.1 billion in 2012 compared to EUR 146.6 billion in 2011. This increase was mainly caused by market performance and an increase in net new assets.

## Selected Consolidated Balance Sheet Movements

### Condensed Consolidated statement of financial position

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
<b>Assets</b>		
Cash and balances at central banks.....	9,796	7,641
Financial assets held for trading.....	24,343	29,523
Financial investments.....	21,730	18,721
Loans and receivables - banks.....	46,461	61,319
Loans and receivables - customers.....	276,967	272,008
Other.....	14,461	15,470
<b>Total assets.....</b>	<b>393,758</b>	<b>404,682</b>
<b>Liabilities</b>		
Financial liabilities held for trading.....	20,098	22,779
Due to banks.....	21,304	30,962
Due to customers.....	216,757	213,616
Issued debt.....	95,048	96,310
Subordinated liabilities.....	9,736	8,697
Other.....	17,932	20,898
<b>Total liabilities.....</b>	<b>380,875</b>	<b>393,262</b>
<b>Equity</b>		
Equity attributable to owners of the parent company.....	12,864	11,400
Equity attributable to non-controlling interests.....	19	20
<b>Total equity.....</b>	<b>12,883</b>	<b>11,420</b>
<b>Total liabilities and equity.....</b>	<b>393,758</b>	<b>404,682</b>

### Total assets

Total assets decreased by EUR 10.9 billion, from EUR 404.7 billion at 31 December 2011 to EUR 393.8 billion at 31 December 2012. This decrease was primarily due to a decline in securities financing client volumes and lower equity trade positions. This was partially offset by growth in commercial loans and higher market value of (OTC) derivatives.

The year-end 2012 balance sheet includes activities divested in 2012. See "*The Issuer—4. Operating and Financial Review—4.2 Key factors affecting results of operations—Special items and divestments*".

### Cash and balances at central banks

Cash and balances at central banks rose by EUR 2.2 billion to EUR 9.8 billion at 31 December 2012 compared to EUR 7.6 billion at 31 December 2011, predominantly due to an increase in overnight deposits placed at DNB.

### *Financial assets held for trading*

Financial assets held for trading decreased by EUR 5.2 billion or (18%) to EUR 24.3 billion at 31 December 2012 compared to EUR 29.5 billion at 31 December 2011, due mainly to lower equity trade positions following uncertainty regarding the impact of Basel III, offset by higher market value of interest rate derivatives.

### *Loans and receivables – banks*

Loans and receivables – banks decreased by EUR 14.9 billion (24%) to EUR 46,461 million at 31 December 2012 from EUR 61,319 million at 31 December 2011, mainly due to lower client securities financing volumes, down by EUR 13.5 billion, and the termination of a financing transaction offset by an increase in term deposits at central banks.

### *Loans and receivables – customers*

Loans and receivables – customers increased by EUR 5.0 billion to EUR 277.0 billion at the end of December 2012 as a result of growth in commercial loan portfolio by EUR 8.1 billion, predominantly in Merchant Banking (especially Clearing) and, to a lesser extent, in Private Banking. The mortgage portfolio decreased slightly to EUR 154.1 billion as new production did not fully compensate redemptions.

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

### *Loans and receivables - customers*

	<b>As at 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
<b>Loans and receivables - customers (excl. securities financing activities)</b>		
Retail Banking.....	161,985	162,566
Private Banking.....	17,344	15,941
Commercial Banking.....	42,595	41,946
Merchant Banking.....	35,148	30,129
Group Functions.....	5,380	4,977
Securities financing activities.....	14,515	16,449
<b>Total loans and receivables - customers.....</b>	<b>276,967</b>	<b>272,008</b>

### *Total liabilities*

Total liabilities decreased by EUR 12.4 billion, from EUR 393.3 billion at 31 December 2011 to EUR 380.9 billion at 31 December 2012. This decrease was primarily due to a large decrease in securities financing activities, partially offset by an increase in client deposits in Retail & Private Banking.



### *Financial liabilities held for trading*

Financial liabilities held for trading decreased by EUR 2.7 billion to EUR 20.1 billion at 31 December 2012 compared to 31 December 2011, due mainly to lower equity trade positions.

### *Due to customers*

Due to customers increased by EUR 3.2 billion to EUR 216.8 billion at 31 December 2012 as compared to EUR 213.6 billion at 31 December 2011. This was primarily the result of growth in Retail (EUR 9.9 billion) and Private Banking (EUR 4.6 billion) deposits, offset by a decrease in securities financing volumes (down EUR 10.3 billion).

### *Due to customers*

	<b>As at 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
<b>Total deposits</b>		
Retail Banking.....	82,176	72,009
Private Banking.....	59,061	54,270
Commercial Banking.....	34,574	34,031
Merchant Banking.....	21,590	20,951
Group Functions.....	3,861	6,536
Other (incl. securities financing activities).....	15,495	25,819
<b>Total Due to customers.....</b>	<b>216,757</b>	<b>213,616</b>

### *Issued Debt*

Issued debt decreased by EUR 1.3 billion to EUR 95.0 billion at year-end 2012. The decrease was due mainly to maturing long-term funding exceeding newly issued long-term funding in 2012.

### *Subordinated Liabilities*

Subordinated liabilities showed a net increase of EUR 1.0 billion in 2012 to EUR 9.7 billion at year-end 2012, mainly resulting from EUR 2.8 billion newly issued Tier 2 notes offset by the cancellation of the EUR 2.0 billion liability resulting from former mandatory convertible securities.

### *Total equity*

At 31 December 2012, total equity grew by EUR 1.5 billion, or 13.2%, to EUR 12.9 billion as compared to EUR 11.4 billion at 31 December 2011. This was driven primarily by an increase of EUR 1.6 billion following the settlement with Ageas (including cancellation of the MCS liability) and EUR 0.9 billion of reported net profit. This was partly offset by the impact of the revised pension accounting standard IAS19 amounting to EUR 1.2 billion.

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

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

### *Retail Banking*

#### *Selected Retail Banking financial information*

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
Net interest income .....	2,604	2,671
Net fee and commission income .....	465	490
Other non-interest income .....	36	51
Operating income .....	3,105	3,212
Personnel expenses.....	393	499
Other expenses.....	1,231	1,277
Operating expenses .....	1,624	1,776
<i>Operating result</i> .....	1,481	1,436
Impairment charges on loans and other receivables .....	383	276
<i>Profit/(loss) before tax</i> .....	1,098	1,160
Income tax (expense)/credit .....	276	280
<b><i>Profit/(loss) for the period</i></b> .....	<b>822</b>	<b>880</b>
	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
Cost/income ratio .....	52%	55%
Return on average RWA (in bps) .....	267	269
Cost of risk (in bps).....	125	84
	<b>As at 31 December</b>	
	<b>2012</b>	<b>2011</b>
Loan-to-deposit ratio.....	190%	218%
Loans and receivables customers (in EUR billions).....	162	162.6
<i>Of which: mortgages</i> .....	150.7	151.5
Due to customers (in EUR billions).....	82.2	72
Risk-weighted assets (in EUR billion) .....	30.1	32.3
FTEs (end of period).....	6,335	6,680

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

Profit for the year ended 31 December 2012 decreased by EUR 58 million, or 7%, to EUR 822 million, as compared to EUR 880 million for the year ended 31 December 2011. This decrease is a result of lower operating income and higher impairment charges.

### *Operating income*

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

### *Net interest income*

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

### *Net fee and commission income*

Net fee and commission income decreased by EUR 25 million to EUR 465 million for the year ended 31 December 2012 due to lower transaction volumes as a result of unfavorable market conditions.

### *Operating expenses*

Operating expenses for the year ended 31 December 2012 decreased EUR 152 million to EUR 1,624 million, as compared to EUR 1,776 million for the year ended 31 December 2011.

Personnel expenses came down by 21% in 2012 compared to 2011 due to a lower average number of FTEs as the branch network was further optimized (reduction of number of branches to 408 in 2012). Other expenses showed a 4% decrease in 2012 compared to 2011 as lower integration costs and a decrease in temporary staff expenses and inter-segment costs were only partly offset by the Dutch bank tax introduced in 2012 and higher losses for cybercrime.

### *Operating result*

The operating result increased by 3% for the year ended 31 December 2012 compared to 31 December 2011. The cost/income ratio decreased to 52% from 55%.

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

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

### *Loans and receivables – customers*

Loans and receivables – customers decreased slightly by EUR 0.6 billion to EUR 162.0 billion at 31 December 2012, as compared to EUR 162.6 billion at 31 December 2011. This decrease was predominantly apparent in mortgage loans, as the residential mortgage book (more than 90% of Retail Banking's loan book) decreased to EUR 150.7 billion.

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

### *Due to customers*

Due to customers rose by EUR 10.2 billion to EUR 82.2 billion at 31 December 2012 as compared to EUR 72.0 billion at 31 December 2011. The highly competitive Dutch market for retail savings recorded in the first quarter of 2012 eased up by the end of the year as the total market volume showed a significant increase in 2012. These developments combined with the successful roll-out of MoneYou in Germany and Belgium were the basis for growth in retail savings.

### *FTEs*

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

## Private Banking

### Selected Private Banking financial information

	Year ended 31 December	
	2012	2011
	<i>(in millions of euros)</i>	
Net interest income .....	537	558
Net fee and commission income .....	508	578
Other non-interest income .....	69	166
Operating income .....	1,114	1,302
Personnel expenses.....	417	484
Other expenses.....	471	526
Operating expenses .....	888	1,010
<i>Operating result</i> .....	226	292
Impairment charges on loans and other receivables .....	203	16
<i>Profit/(loss) before tax</i> .....	23	276
Income tax (expense)/credit .....	(28)	36
<b><i>Profit/(loss) for the period</i></b> .....	<b>51</b>	<b>240</b>

	Year ended 31 December	
	2012	2011
Cost/income ratio .....	80%	78%
Return on average RWA (in bps) .....	37	176
Cost of risk (in bps).....	148	12

	As at 31 December	
	2012	2011
Loan-to-deposit ratio	28%	28%
Loans and receivables customers (in EUR billions)	17.4	16
<i>Of which: mortgages</i> .....	3.4	3.6
Due to customers (in EUR billions).....	59.1	54.3
Risk-weighted assets (in EUR billion) .....	10.7	13.8
FTEs (end of period).....	3,648	3,746

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

Profit for the year ended 31 December 2012 declined by EUR 189 million to EUR 51 million, as compared to EUR 240 million for the year ended 31 December 2011. This was primarily the result of higher impairment charges and the sale of the Swiss Private Banking activities in the fourth quarter of 2011. The results of Private Banking include the results of ID&JG which fell sharply year-on-year due to

higher impairment charges in 2012. Excluding the net result of ID&JG and the impact of the sale of the Swiss Private Banking activities, net profit would have decreased by EUR 38 million.

#### *Operating income*

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

#### *Net interest income*

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

#### *Net fee and commission income*

Net fee and commission income decreased by 12% for the year ended 31 December 2012 due mainly to structurally lower fee income following the sale of the Swiss Private Banking activities and lower client activity. Other non-interest income decreased by EUR 97 million for the year 2012 due to the divestment of the Swiss Private Banking activities.

#### *Operating expenses*

Operating expenses for the year ended 31 December 2012 decreased by EUR 122 million, or 12%, to EUR 888 million, as compared to EUR 1,010 million for the year ended 31 December 2011. Operating expenses decreased following the sale of Swiss Private Banking activities. Excluding this divestment, operating expenses decreased by 1%.

#### *Operating result*

The operating result decreased from EUR 292 million in 2011 to EUR 226 million in 2012. The cost/income ratio fell by 2 percentage points (improved by 1 percentage point excluding divestments) to 80%.

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

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

#### *Loans and receivables – customers*

Loans and receivables – customers rose by EUR 1.4 billion, or 9%, to EUR 17.4 billion at 31 December 2012 as compared to EUR 16.0 billion at 31 December 2011. This was mainly due to an increase in commercial loans internationally.

*Due to customers*

Due to customers increased EUR 4.8 billion, or 8%, from EUR 54.3 billion at 31 December 2011 to EUR 59.1 billion at 31 December 2012, as a result of deposit inflow and clients switching from securities to cash.

*FTEs*

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

*Assets under Management*

Assets under Management increased by EUR 16.5 billion to EUR 163.1 billion at 31 December 2012 from EUR 146.6 billion at 31 December 2011. This increase was a result of improved market performance of the securities portfolio and net new assets of EUR 3.1 billion, mainly in Private Banking International.

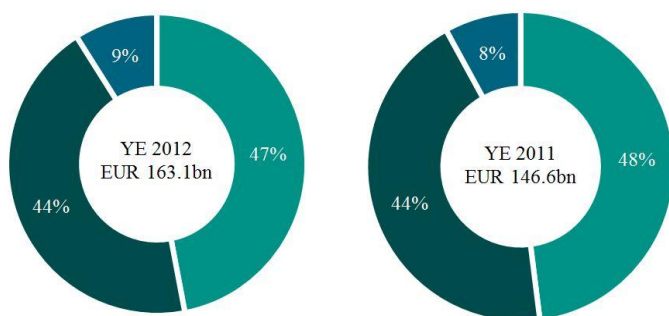
*AuM development*

*Opening balance as at 1 January*

Net new assets.....	3.1	0.9
Market performance.....	13.4	(9.3)
Divestments/acquisitions.....	-	(5.0)
Other (including sales/acquisitions).....	-	(4.2)
<b>Balance at 31 December.....</b>	<b>163.1</b>	<b>146.6</b>

<b>As at 31 December</b>	
<b>2012</b>	<b>2011</b>
<i>(in billions of euros)</i>	
146.6	164.2
3.1	0.9
13.4	(9.3)
-	(5.0)
-	(4.2)
<b>163.1</b>	<b>146.6</b>

*AuM by geography*



■ The Netherlands   ■ Rest of Europe   ■ Rest of the world

## Commercial Banking

### Selected Commercial Banking financial information

	Year ended 31 December	
	2012	2011
	<i>(in millions of euros)</i>	
Net interest income .....	1,264	1,231
Net fee and commission income .....	302	366
Other non-interest income .....	19	80
Operating income .....	1,585	1,677
Personnel expenses.....	255	342
Other expenses.....	680	805
Operating expenses .....	935	1,147
<i>Operating result</i> .....	650	530
Impairment charges on loans and other receivables .....	587	606
<i>Profit/(loss) before tax</i> .....	63	(76)
Income tax (expense)/credit .....	22	(12)
<b><i>Profit/(loss) for the period</i></b> .....	<b>41</b>	<b>(64)</b>

	Year ended 31 December	
	2012	2011
Cost/income ratio .....	59%	68%
Return on average RWA (in bps) .....	15	-23
Cost of risk (in bps).....	214	221

	As at 31 December	
	2012	2011
Loan-to-deposit ratio	122%	122%
Loans and receivables customers (in EUR billions)	42.6	41.9
Due to customers (in EUR billions).....	34.6	34.0
Risk-weighted assets (in EUR billion) .....	28.8	28.3
FTEs (end of period).....	3,249	3,547

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

In 2012, net profit continued to be impacted by high impairment charges on loans and other receivables. Profit for the year ended 31 December 2012 increased by EUR 105 million to EUR 41 million, as compared to a loss of EUR 64 million for the year ended 31 December 2011.

In alignment with market practice, as from 2012 lease costs are recorded under operating income (other non-interest income) and no longer under (other) operating expenses.



### *Operating income*

Operating income for the year ended 31 December 2012 decreased by EUR 92 million to EUR 1,585 million, as compared to EUR 1,677 million for the year ended 31 December 2011, due mainly to the divestment of the international division of FCF in 2011 and the sale of the commercial insurance operations in 2012, and the reclassification of lease costs from (other) operating expenses to operating income (other non-interest income).

### *Net interest income*

Net interest income for the year ended 31 December 2012 increased by EUR 33 million, or 3%, to EUR 1,264 million, as compared to EUR 1,231 million for the year ended 31 December 2011. Excluding the impact of the abovementioned divestments, net interest income would have increased by 6%, mainly as a result of volume growth in client lending.

### *Net fee and commission income*

Net fee and commission income declined by EUR 64 million, or 21%, to EUR 302 million for the year ended 31 December 2012 compared to EUR 366 million at 31 December 2011, due mainly to abovementioned divestments. Other non-interest income declined by EUR 61 million predominantly due to the reclassification of lease costs from other expenses.

### *Operating expenses*

Operating expenses for the year ended 31 December 2012 declined by EUR 212 million, or 18%, to EUR 935 million, as compared to EUR 1,147 million for the year ended 31 December 2011. This increase was primarily due to reclassification, the abovementioned divestments and lower intersegment costs. Personnel expenses decreased by EUR 87 million to EUR 255 million, primarily as a result of lower pension expenses and divestments. Other expenses fell by 16% to EUR 680 million, largely due to the reclassification of lease costs. Excluding these effects, other expenses decreased by 7%, primarily reflecting lower intersegment costs.

### *Operating result*

The operating result rose by 23% in 2012. The cost/income ratio improved from 68% in 2011 to 59% in 2012.

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

Impairment charges on loans and other receivables amounted to EUR 587 million in 2012, down EUR 19 million compared with 2011. Impairment charges are still at elevated levels, with cost of risk at 214 bps. The construction, retail and (commercial) real estate-related sectors are among those affected.

### *Loans and receivables – customers*

Loans and receivables – customers increased by EUR 0.7 billion to EUR 42.6 billion at 31 December 2012 from EUR 41.9 billion at 31 December 2011 due mainly to volume growth. This was offset by re-allocation of certain positions to Markets and Retail Banking.

### *Due to customers*

Due to customers increased EUR 0.6 billion, or 2%, to EUR 34.6 billion at 31 December 2012 from EUR 34.0 billion at 31 December 2011. The increase was a result of business growth in both Business Banking and Corporate Clients, offset by the re-allocation of positions to Markets and Retail Banking.

### *FTEs*

The number of FTEs declined by 298, or 8%, to 3,249 at year-end 2012 mainly due to the sale of the commercial insurance activities and the transfer of SME insurance activities to ABN AMRO Verzekeringen.

## **Merchant Banking**

### *Selected Merchant Banking financial information*

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
Net interest income .....	652	546
Net fee and commission income .....	376	364
Other non-interest income .....	433	420
Operating income .....	1,461	1,330
Personnel expenses.....	277	285
Other expenses.....	637	598
Operating expenses .....	914	883
<i>Operating result</i> .....	547	447
Impairment charges on loans and other receivables .....	256	27
<i>Profit/(loss) before tax</i> .....	291	420
Income tax (expense)/credit .....	27	16
<b><i>Profit/(loss) for the period</i></b> .....	<b>264</b>	<b>404</b>
	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
Cost/income ratio .....	63%	66%
Return on average RWA (in bps) .....	60	125
Cost of risk (in bps).....	58	8

	<b>As at 31 December</b>	
	<b>2012</b>	<b>2011</b>
Loan-to-deposit ratio	155%	137%
Loans and receivables customers (in EUR billions)	49.7	46.6
Due to customers (in EUR billions).....	37	46.6
Risk-weighted assets (in EUR billion) .....	45.5	36.1
FTEs (end of period).....	2,142	1,998

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

Profit for the year ended 31 December 2012 decreased by EUR 140 million to EUR 264 million, as compared to EUR 404 million for the year ended 31 December 2011. This decrease primarily resulted from higher impairment charges partially offset by a higher operating result.

### *Operating income*

Operating income increased by EUR 131 million, or 10%, to EUR 1,461 million for the year ended 31 December 2012 compared to EUR 1,330 million in 2011. This increase resulted from gains in net interest income and non-interest income discussed below.

### *Net interest income*

Net interest income for the year ended 31 December 2012 increased by EUR 106 million, or 19%, to EUR 652 million, as compared to EUR 546 million for the year ended 31 December 2011. This increase was due mainly to higher interest income in Market activities and, to a lesser extent, ECT.

### *Net fee and commission income*

Net fee and commission income increased by EUR 12 million, or 3%, to EUR 376 million from EUR 364 million. This increase mainly reflected growth in the ECT business offset by lower volumes at Clearing. Other non-interest income increase by EUR 13 million, or 3%, to EUR 433 million from EUR 420 million which reflected better results in Markets sales and trading, offset by lower private equity results and a one-off gain last year.

### *Operating expenses*

Operating expenses increased by EUR 31 million, or 4%, to EUR 914 million for the year ended 31 December 2012, as compared to EUR 883 million in 2011, due primarily to the impact of the Dutch bank tax.

Personnel expenses increased by 7% to EUR 306 million for the year ended 2012 due mainly to the growth of the foreign operations and the acquisition of RBS professionals from RBS N.V. Other expenses increased by EUR 39 million, or 7%, to EUR 637 million, mainly reflecting the impact of the Dutch bank tax, offset by slightly lower intersegment costs.

### *Operating result*

The operating result increased 22% to EUR 547 million in 2012. The cost/income ratio improved to 63% from 66% in 2011.

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

Impairments charges on loans and other receivables over 2012 amounted to EUR 256 million. 2011 showed a charge of EUR 27 million as significant releases were recorded. Several impairments were recorded in the public and real estate sectors in 2012. Cost of risk increased to 58 bps (from 8 bps in 2011).

### *Loans and receivables – customers*

Loans and receivables – customers increased by EUR 3.1 billion to EUR 49.7 billion at 31 December 2012 from EUR 46.6 billion at 31 December 2011. This increase was mainly driven by a decrease in client volumes in securities financing activities, offset by growth in LC&MB's commercial loan portfolio and at Clearing.

### *Due to customers*

Due to customers decreased EUR 9.6 billion to EUR 37.0 billion at 31 December 2012 from EUR 46.6 billion at 31 December 2011, due mainly to lower client volumes in the securities financing activities.

### *FTEs*

The number of FTEs rose by 144 to 2,142 at 31 December 2012 due to the growth of the foreign operations and the acquisition of certain RBS professionals to strengthen certain product capabilities.

### *Group Functions*

The majority of the costs of Group Functions are allocated to the business segments. Items that are not allocated to the business segments include, among other things, the operating result from AML/Treasury, general restructuring charges, certain integration costs and costs for the Dutch Deposit Guarantee Scheme.

*Selected Group Functions financial information*

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>	
Net interest income .....	(29)	(8)
Net fee and commission income .....	(95)	13
Other non-interest income .....	197	268
Operating income .....	73	273
Personnel expenses.....	809	928
Other expenses.....	(484)	(387)
Operating expenses .....	325	541
<i>Operating result</i> .....	(252)	(268)
Impairment charges on loans and other receivables .....	(201)	832
<i>Profit/(loss) before tax</i> .....	(51)	(1,100)
Income tax (expense)/credit .....	(26)	(329)
<b><i>Profit/(loss) for the period</i></b> .....	<b>(25)</b>	<b>(771)</b>
	<b>As at 31 December</b>	
	<b>2012</b>	<b>2011</b>
Loans and receivables customers (in EUR billions)	5.4	5.0
Due to customers (in EUR billions).....	3.9	6.7
Risk-weighted assets (in EUR billion) .....	6.4	7.8
FTEs (end of period).....	7,685	8,254

*Profit/(loss) for the period*

Profit for the year ended 31 December 2012 increased by EUR 746 million to a loss of EUR 25 million, as compared to a loss of EUR 771 million for the year ended 31 December 2011.

*Operating income*

Operating income for the year ended 31 December 2012 decreased by EUR 200 million, or 73%, to EUR 73 million, as compared to EUR 273 million for the year ended 31 December 2011 of which EUR 30 million resulted from the divestment of activities.

*Net interest income*

Net interest income for the year ended 31 December 2012 declined by EUR 21 million to a loss of EUR 29 million, as compared to a loss of EUR 8 million for the year ended 31 December 2011. This decline was due largely to higher funding costs resulting from the lengthening of the funding maturity profile and higher capital costs related to the newly issued subordinated debt instruments.

### *Net fee and commission income*

Net fee and commission income declined by EUR 108 million to a loss of EUR 95 million from 2011. This decline mainly reflects the effect of divestments, the occurrence of several positive large items in 2011 and a reclassification of international payment fees from other expenses in 2012. Other non-interest income dropped by EUR 71 million to EUR 197 million as the positive impact of releases from the Credit Umbrella and other EC Remedy-related provisions (EUR 215 million) was more than offset by fair value changes to structured funding instruments, the result of movements in interest rates, lower market valuations of the trading book and the impact of hedge accounting ineffectiveness.

### *Operating expenses*

Operating expenses for the year ended 31 December 2012 decreased by EUR 216 million, or 40%, to EUR 325 million, as compared to EUR 541 million for the year ended 31 December 2011. Excluding divested activities, operating expenses went down by EUR 148 million.

Personnel expenses decreased in 2012, driven primarily by lower pension expenses and divestments. The increase as a result of the integration cost for the pension fund taken in 2012 offset the decrease as a result of the reorganization provision taken in 2011.

Other expenses declined in 2012, due mainly to lower maintenance and depreciation expenses following the positive effect of the disposal of property, the abovementioned reclassification of international payment fees, lower housing costs and higher intersegment revenues, and the impact of divestments.

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

Loan impairments moved from EUR 832 million in 2011 to a EUR 201 million impairment release for 2012. This was mainly the result of EUR 880 million impairment charges for Greek government-guaranteed corporate exposures in 2011 plus an impairment release following the sale of a tranche of those positions (EUR 125 million) in 2012.

### *FTEs*

The number of FTEs fell by 569 to 7,685 FTEs at year-end 2012. The decrease in FTEs relates primarily to the integration and natural attrition.

## **4.6 Other references**

### **Liquidity and Funding**

For information with respect to liquidity and funding, see Chapter 17 (*Liquidity & funding*) in the Annual Report 2013 and Chapter 19 (*Liquidity & funding*) in the Annual Report 2012, incorporated by reference herein.

### **Risk Management**

For information with respect to risk management, see Chapter 15 (*Risk management*) in the Annual Report 2013 and Chapter 17 (*Risk management*) in the Annual Report 2012, incorporated by reference herein.

## **Capital Management**

For information with respect to capital adequacy, see Chapter 16 (*Capital management*) in the Annual Report 2013 and Chapter 18 (*Capital management*) in the Annual Report 2012, incorporated by reference herein.

## **Critical Accounting Policies**

For critical accounting policies and changes contained in accounting rules, see note 1 "*Accounting policies*" to the Consolidated Annual Financial Statements.

## **4.7 Related Party Transactions**

For information with respect to transactions with related parties, including the Dutch State, see note 41 "*Related parties*" to the Consolidated Annual Financial Statements.

## 5. SELECTED STATISTICAL INFORMATION

*The reported results for the years ended and as at 31 December 2013, 2012 and 2011 included in this section were extracted from the audited Consolidated Annual Financial Statements of ABN AMRO Group N.V. Certain information in this section derived from ABN AMRO's Annual Report 2013 and 2012 has been audited and is part of the Consolidated Annual Financial Statements, as permitted by IFRS 7. Other information derived from the Annual Report 2013 and Annual Report 2012 is unaudited and labeled with a footnote.*

Set out below are certain statistical disclosures, including ABN AMRO's financial assets and liabilities held for trading, details of its loan portfolio and a maturity analysis of its assets and liabilities. This Base Prospectus has been prepared in accordance with the rules and regulations of Euronext in Amsterdam and the AFM, which has disclosure requirements that are different from those of the United States. In particular, the information below is not presented in the form or with the content that would be required in an offering registered pursuant to the Securities Act.

Figures below are presented as at and for the years ended 31 December 2013, 2012 and 2011. Certain figures in this section may not add up exactly due to rounding. In addition, certain percentages in this section have been calculated using rounded figures.

In 2012, ABN AMRO finalized the integration of ABN AMRO Bank and Fortis Bank Nederland. In 2013, ABN AMRO presented its results on a reported basis, which means that historical periods will no longer be adjusted for costs related to the integration. Therefore all results are presented on a reported basis for 2013, 2012 and 2011. Furthermore, ABN AMRO adopted the amended pension accounting standard IAS 19 as from 1 January 2013. As a result, all 2012 disclosed figures have been adjusted accordingly for comparison purposes. In 2013, accrued interest is presented as part of the relevant balance sheets accounts, versus the separate line items (i) accrued income and prepaid expenses and (ii) accrued expenses and deferred income in previous years. This change has no impact on equity, total assets or net profit. All 2012 disclosed figures have been adjusted accordingly for comparison purposes. The 2011 disclosed figures have not been adjusted for the amended IAS 19 and accrued interest adjustments described above.



## 5.1 Financial Assets and Liabilities Held for Trading

### Financial assets held for trading

The table below shows the composition of assets held for trading as at 31 December 2013, 2012 and 2011:

#### *Financial assets held for trading*

	<b>As at 31 December</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>		
<b>Trading securities</b>			
Government bonds.....	2,906	2,127	2,355
Corporate debt securities.....	873	799	333
Equity securities.....	<u>6,471</u>	<u>2,539</u>	<u>10,808</u>
Total trading securities.....	10,250	5,465	13,496
<b>Derivatives held for trading</b>			
Over the counter (OTC).....	11,702	16,964	13,479
Exchange traded.....	<u>146</u>	<u>290</u>	<u>763</u>
Total derivatives held for trading.....	11,848	17,254	14,242
Trading book loans.....	1,032	1,118	1,255
Commodities.....	<u>737</u>	<u>506</u>	<u>530</u>
<b>Total assets held for trading.....</b>	<b><u>23,867</u></b>	<b><u>24,343</u></b>	<b><u>29,523</u></b>

As of 31 December 2013, financial assets held for trading decreased by EUR 0.4 billion from EUR 24.3 billion to EUR 23.9 billion as at 31 December 2012 due mainly to the lower fair value of the over-the-counter (OTC) interest rate derivatives portfolio as a result of a significant upward movement of the market interest rate curve (EUR 5.2 billion). The decrease was also caused by the termination of the nonclient-related equity derivative portfolios started at the end of 2012 (EUR 0.4 billion). This was partly offset by a higher volume of equity securities related to present and new clients respectively in the United States (EUR 1.3 billion) and in The Netherlands (EUR 1.2 billion) and by an increase in the client-related Asian equity portfolio (EUR 1.7 billion). The equity derivative positions were hedged using underlying securities rather than derivatives. Moreover this year ABN AMRO purchased, as primary dealer, a higher amount of Dutch government bonds in order to secure trading positions (EUR 0.8 billion), as this is a more convenient alternative to cash collateral.

As at 31 December 2012, financial assets held for trading decreased by EUR 5.2 billion from EUR 29.5 billion to EUR 24.3 billion as at 31 December 2011 due primarily to low equity trade positions following uncertainty regarding the impact of Basel III, offset by higher market value of interest rate derivatives.

## Financial liabilities held for trading

The table below shows the composition of liabilities held for trading as at 31 December 2013, 2012 and 2011:

### *Financial liabilities held for trading*

	As at 31 December		
	2013	2012	2011
	<i>(in millions of euros)</i>		
Short security positions.....	3,775	3,138	8,858
<b>Derivatives held for trading</b>			
Over the counter (OTC).....	9,703	15,859	13,150
Exchange traded.....	146	517	316
Total derivatives held for trading.....	9,849	16,376	13,466
Other liabilities held for trading.....	624	584	455
<b>Total liabilities held for trading.....</b>	<b>14,248</b>	<b>20,098</b>	<b>22,779</b>

As of 31 December 2013, financial liabilities held for trading decreased by EUR 5.9 billion from EUR 20.1 billion to EUR 14.3 billion as a result of the lower fair value of the OTC interest rate derivatives held for trading as a consequence of the increase in the market interest rate in 2013 (EUR 6.1 billion). The decrease was also driven by the gradual wind-down of the non-client-related equity derivative portfolios started at the end of 2012 (EUR 0.3 billion). These negative components were partly offset by a slight increase in the short security positions which was caused by a higher volume of equity securities related to existing and new clients in the US (EUR 0.9 billion).

As at 31 December 2012, financial liabilities held for trading decreased by EUR 2.7 billion from EUR 22.8 billion to EUR 20.1 billion, mainly due to lower equity trade positions.

The assets and liabilities held for trading are managed on a combined basis and should therefore be assessed on a total portfolio basis and not as stand-alone assets and liability classes. ABN AMRO's financial assets and liabilities held for trading mainly relates to client-facilitating activities carried out by the Markets business.

## 5.2 Loan Portfolio

### Outstanding loans to banks and to customers

The tables below set out outstanding loans to banks and to customers as at 31 December 2013, 2012 and 2011:

#### *Loans and receivables – banks*

##### *Loans and receivables - banks*

	<b>As at 31 December</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>		
<b>Loans and receivables - banks</b>			
Interest-bearing deposits.....	15,971	21,483	15,294
Loans and advances.....	7,621	10,219	14,195
Professional securities transactions.....	7,267	14,306	27,825
Mandatory reserve deposits with central banks.....	221	287	3,648
Other.....	154	194	383
<b>Total.....</b>	<b>31,234</b>	<b>46,489</b>	<b>61,345</b>
Loan impairment allowance.....	24	28	26
<b>Total loans and receivables - banks.....</b>	<b>31,210</b>	<b>46,461</b>	<b>61,319</b>

In 2013, Loans and receivables – banks decreased by EUR 15.3 billion to EUR 31,210 billion, mainly as a result of lower volumes in professional securities transactions (EUR 7.0 billion) and interest-bearing deposits (EUR 5.6 billion). Loans and advances decreased by EUR 2.6 billion, due mainly to lower cash collateral with respect to the derivative positions. The EUR 7.0 billion decrease in professional securities transactions was due to a decline of reverse repurchase agreements by EUR 4.7 billion and a decrease of Security borrowing transactions by EUR 2.3 billion. A breakdown of the professional securities transactions can be found in note 35 "*Professional securities transactions*" to the Consolidated Annual Financial Statements 2013. The excess balance on the mandatory reserve deposits with central banks is included in cash and balances at central banks.

In 2012, Loans and receivables – banks decreased by EUR 14.9 billion mainly due to lower volumes in professional securities transactions (EUR 13.5 billion) and termination of a financing transaction offset by an increase in term deposits at central banks. Collateral requirements decreased marginally for the derivative activities.

Mandatory reserve deposits with central banks are not available for use in the bank's day-to-day operations.

## Loans and receivables – customers

### Loans and receivables - customers

	As at 31 December		
	2013	2012	2011
	<i>(in millions of euros)</i>		
<b>Loans and receivables - customers</b>			
Government and official institutions.....	768	1,330	1,432
Residential mortgages.....	150,493	154,129	155,168
Fair value adjustment from hedge accounting on residential mortgages.....	3,531	4,906	3,863
Consumer loans.....	16,241	16,645	16,275
Commercial loans.....	83,462	85,592	82,525
Fair value adjustment from hedge accounting on commercial loans	868	1,135	962
Professional securities transactions.....	11,119	14,515	16,449
Financial lease receivables.....	3,184	3,045	213
Factoring.....	1,403	1,182	641
Other loans.....	2,053	-	-
<b>Total.....</b>	<b>273,122</b>	<b>282,479</b>	<b>277,528</b>
Loan impairment allowance.....	(4,975)	(5,512)	(5,520)
<b>Loans and receivables - customers.....</b>	<b>268,147</b>	<b>276,967</b>	<b>272,008</b>

In 2013, Loans and receivables – customers declined by EUR 8.8 billion to EUR 268,147 million, due to a decrease in the residential mortgages and professional securities transactions. Residential mortgages decreased by EUR 3.8 billion due to a higher amount of repayment of mortgages by EUR 9.3 billion and production of EUR 6.4 billion. The decrease in the reverse repurchase agreements by EUR 3.8 billion was due to lower positions at year end. The commercial loans decreased by EUR 1.8 billion mainly as a result of lower volumes (EUR 1.3 billion), the sale of Greek loans (EUR 0.8 billion), a decrease of the Madoff loan ( EUR 0.4 billion) and an increase (EUR 1.3 billion) in commodities and securities non-banking client trading receivables.

In 2012, Loans and receivables – customers increased by EUR 5.0 billion. Commercial loans increased by EUR 3.1 billion. Excluding reclassification impacts for financial leases and factoring and nettings the commercial loan portfolio grew by EUR 7.8 billion, predominantly due to growth of Merchant Banking (especially Clearing) and, to a lesser extent, in Private Banking. This was offset by lower securities transactions (EUR 2 billion). The mortgage portfolio decreased slightly to EUR 154.1 billion as new production did not fully compensate redemptions.

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

### Outstanding loans by industry sector

Please see "Portfolio composition and developments—Credit risk—Credit risk concentration—Industry concentration" in Chapter 15 (Risk Management) of the Annual Report 2013, which has been incorporated by reference herein.

## Outstanding geographic concentrations

Please see "Portfolio composition and developments—Credit risk—Credit risk concentration—Geographic concentration" and "Additional risk disclosures—European exposures" in Chapter 15 (Risk Management) of the Annual Report 2013, which has been incorporated by reference herein.

### 5.3 Credit quality of retail loans and other financial assets

Please see "Portfolio composition and developments—Credit risk—Credit risk exposure—Credit quality by exposure class" in Chapter 15 (Risk Management) of the Annual Report 2013, which has been incorporated by reference herein.

### 5.4 Past due credit exposure

Please see "Portfolio composition and developments—Credit risk—Management of forbore, past due and impaired loans—Past due credit exposures" in Chapter 15 (Risk Management) of the Annual Report 2013, which has been incorporated by reference herein.

### 5.5 Loan Impairment Charges and Allowances

Impairment charges on loans and other receivables amounted to EUR 982 million at year end 2013, a decrease of EUR 245 million or 20% but includes EUR 685 million of reversal of the allowances on Greek loans and Madoff files. Excluding these special items, loan impairments amounted to EUR 1,668 million, an increase of EUR 237 million compared with 2012. Higher loan impairments for Business Banking, Consumer Lending and Mortgages were the main reason for this increase.

The tables below sets out loan impairments and allowances for the year ended 31 December 2013:

#### Loan Impairment Charges and Allowances

	<u>Banks</u>	<u>Commercial loans</u>	<u>Consumer loans - mortgages</u>	<u>Other consumer loans</u>	<u>Total</u>
	<i>(in millions of euros)</i>				
<b>Balance at 1 January 2013.....</b>	<b>28</b>	<b>4,697</b>	<b>370</b>	<b>445</b>	<b>5,540</b>
Impairment charges for the period.....	-	1,588	496	462	<b>2,546</b>
Reversal of impairment allowances no longer required.....	(4)	(1,245)	(135)	(130)	<b>(1,514)</b>
Recoveries of amounts previously written off.....	-	(6)	(5)	(39)	<b>(50)</b>
<b>Total impairment charges on loans and other receivables...</b>	<b>(4)</b>	<b>337</b>	<b>356</b>	<b>293</b>	<b>982</b>
Amount recorded in interest income from unwinding of discounting.....	-	(30)	(14)	(9)	(53)
Currency translation differences.....	-	(32)	-	-	(32)
Amounts written off (net).....	-	(1,281)	(165)	(152)	(1,598)
Reserve for unearned interest accrued on impaired loans.....	-	84	31	35	150
Other adjustments.....	-	3	7	-	10
<b>Balance as at 31 December 2013.....</b>	<b>24</b>	<b>3,778</b>	<b>585</b>	<b>612</b>	<b>4,999</b>

Compared to 2011, the total impairment charges have decreased by EUR 525 million to EUR 1,230 million in 2012. In 2011, impairment allowances were strongly impacted by an impairment charge of EUR 880 million for the Greek government-guaranteed corporate exposure. Excluding this impairment, the increase is mainly attributed to higher impairments in Commercial & Merchant Banking – predominantly in the industry sectors real estate, construction and basic resources (in particular diamond financing). Loan impairments in Private Banking increased sharply, this is partly real estate related and

partly due to impairments in the basic resources industry. In addition, impairments in 2012 were affected by incidental major changes including a major charge in the public sector. On the other hand some major releases were noted. A single major release was noted in Greek government-guaranteed corporate exposure, for which an impairment was charged in 2011.

More information on impairments is provided in Chapter 15 (*Risk Management*) of the Annual Report 2013, which has been incorporated by reference herein.

The tables below sets out loan impairments and allowances for the year ended 31 December 2012:

	<u>Banks</u>	<u>Commercial loans</u>	<u>Consumer loans - mortgages</u>	<u>Other consumer loans</u>	<u>Total</u>
	<i>(in millions of euros)</i>				
<b>Balance at 1 January 2012.....</b>	<b>26</b>	<b>4,895</b>	<b>281</b>	<b>344</b>	<b>5,546</b>
Impairment charges for the period.....	7	1,055	320	343	1,725
Reversal of impairment allowances no longer required.....	(5)	(406)	(67)	44	(434)
Recoveries of amounts previously written off.....	-	(16)	(6)	(39)	(61)
<b>Total impairment charges on loans and other receivables...</b>	<b>2</b>	<b>633</b>	<b>247</b>	<b>348</b>	<b>1,230</b>
Amount recorded in interest income from unwinding of					
discounting.....	-	(35)	(4)	(7)	(46)
Currency translation differences.....	-	(2)	-	-	(2)
Amounts written off (net).....	-	(775)	(185)	(329)	(1,289)
Reserve for unearned interest accrued on impaired loans.....	-	50	31	14	95
Other adjustments.....	-	(69)	-	75	6
<b>Balance as at 31 December 2012.....</b>	<b>28</b>	<b>4,697</b>	<b>370</b>	<b>445</b>	<b>5,540</b>

In 2011, ABN AMRO held EUR 1.3 billion of Greek Government-Guaranteed Corporate Exposures. The exposures were allocated to ABN AMRO during the separation process in 2010 and were the result of transactions entered into around 2000. The exposures were recorded in Loans and receivables at amortized cost. As these exposures were not quoted in an active market, fair values were determined by applying a present value approach. Future cash flows were discounted using a risk-adjusted interest rate which is based on market observable information for similar debt exposures.

On 24 February 2012 the Ministry of Finance of Greece issued a press release regarding the revised Private Sector Involvement (PSI) programme. The majority of the exposures held by ABN AMRO appeared on this list. ABN AMRO's exposures fall into the category "Foreign Law Guaranteed Titles" as these were issued by Greek corporates with a guarantee provided by the Greek government and are governed by UK law. ABN AMRO is examining the current PSI programme.

In 2012, all obligations had been met. Redemptions of a total amount of EUR 190 million were made in 2011, reducing the total gross exposure to EUR 1.3 billion. ABN AMRO impaired those exposures included in the list to 25% of notional value. This resulted in an additional impairment of EUR 380 million in the fourth quarter, bringing the total amount of impairments in 2011 to EUR 880 million.

Excluding the Greek loan impairments, the increase would have been caused by higher impairments in Commercial & Merchant Banking – predominantly registered in SMEs, commercial real estate and contracting. Loan impairments in Private Banking decreased sharply. The impairment levels in mortgages increased marginally.

Commercial loans included the loan impairment on the Madoff affair of EUR 877 million (2010: EUR 958 million).

More information on impairments is provided in Chapter 15 (*Risk Management*) of the Annual Report 2013, which has been incorporated by reference herein.

The table below sets out loan impairments and allowances for the year ended 31 December 2011:

	<u>Banks</u>	<u>Commercial loans</u>	<u>Consumer loans</u>	<u>Total</u>
	<i>(in millions of euros)</i>			
<b>Balance at 1 January 2011.....</b>	<b>49</b>	<b>3,673</b>	<b>613</b>	<b>4,335</b>
Impairment charges for the period.....	4	1,713	393	2,110
Reversal of impairment allowances no longer required.....	(11)	(234)	(56)	(301)
Recoveries of amounts previously written off.....	-	(7)	(47)	(54)
<b>Total impairment charges on loans and other receivables...</b>	<b>(7)</b>	<b>1,472</b>	<b>290</b>	<b>1,755</b>
Amount recorded in interest income from unwinding of discounting.....	-	(5)	(6)	(11)
Currency translation differences.....	(3)	13	-	10
Amounts written off (net).....	(5)	(404)	(295)	(704)
Reserve for unearned interest accrued on impaired loans.....	-	83	16	99
Other adjustments.....	(8)	63	7	62
<b>Balance as at 31 December 2011.....</b>	<b>26</b>	<b>4,895</b>	<b>625</b>	<b>5,546</b>

## Impairment

The table below sets out the on and off balance impairment charges for the year ended 31 December 2013, 2012 and 2011:

### *Loan impairment charges*

	<u>As at 31 December</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
	<i>(in millions of euros)</i>		
On-balance.....	982	1230	1755
Off-balance.....	1	(2)	2
<b>Total impairment charges on loans and other receivables.....</b>	<b>983</b>	<b>1,228</b>	<b>1,757</b>

The table below sets out the breakdown of allowances in individual and collective impairment allowances for the year ended 31 December 2013:

*Individual and collective loan impairment allowances*

	<u>Banks</u>	<u>Commercial</u>	<u>Consumer</u>		<u>Total</u>
			<u>Mortgages</u>	<u>Other</u>	
				<u>consumer</u>	
			<i>(in millions of euros)</i>		
Individual impairment.....	23	2,996	78	228	3,325
Collective impairment.....	<u>1</u>	<u>782</u>	<u>507</u>	<u>384</u>	<u>1,674</u>
<b>Balance at 31 December 2013.....</b>	<b>24</b>	<b>3,778</b>	<b>585</b>	<b>612</b>	<b>4,999</b>
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance.....	23	5,175	1,739	887	7,824

The table below sets out the breakdown of allowances in individual and collective impairment allowances for the year ended 31 December 2012:

	<u>Banks</u>	<u>Commercial</u>	<u>Consumer</u>		<u>Total</u>
			<u>Mortgages</u>	<u>Other</u>	
				<u>consumer</u>	
			<i>(in millions of euros)</i>		
Individual impairment.....	24	4,055	56	191	4,326
Collective impairment.....	<u>4</u>	<u>642</u>	<u>314</u>	<u>254</u>	<u>1,214</u>
<b>Balance at 31 December 2012.....</b>	<b>28</b>	<b>4,697</b>	<b>370</b>	<b>445</b>	<b>5,540</b>
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance.....	24	6,406	1,504	675	8,609

The table below sets out the breakdown of allowances in individual and collective impairment allowances for the year ended 31 December 2011:

	<u>Banks</u>	<u>Commercial</u>	<u>Consumer</u>		<u>Total</u>
			<u>Mortgages</u>	<u>Other</u>	
				<u>consumer</u>	
			<i>(in millions of euros)</i>		
Individual impairment.....	24	4,375	44	88	4,531
Collective impairment.....	<u>2</u>	<u>520</u>	<u>236</u>	<u>257</u>	<u>1,015</u>
<b>Balance at 31 December 2011.....</b>	<b>26</b>	<b>4,895</b>	<b>280</b>	<b>345</b>	<b>5,546</b>
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance.....	24	6,636	1,392	514	8,566



## 5.6 Due to Banks and Customers

### Due to banks

The table below shows amounts due to banking institutions, including central banks and multilateral development banks as at 31 December 2013, 2012 and 2011:

	<b>As at 31 December</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>		
<b>Deposits from banks</b>			
Demand deposits.....	2,769	2,762	3,343
Time deposits.....	5,013	9,449	9,796
Other deposits.....	3,795	4,673	3,209
<b>Total deposits.....</b>	<b>11,577</b>	<b>16,884</b>	<b>16,348</b>
Professional securities transactions.....	4,207	4,369	12,629
Advances against collateral.....	-	-	700
Other.....	49	51	1,285
<b>Total due to banks.....</b>	<b>15,833</b>	<b>21,304</b>	<b>30,962</b>

Due to banks decreased by EUR 5.5 billion in 2013 to EUR 15.8 billion and is mainly related to decreased and matured balances of time deposits (EUR 4.0 billion). The other deposits decreased by EUR 1.0 billion due to lower deposits at Central Banks.

In 2012, due to banks decreased by EUR 9.7 billion to EUR 21.3 billion primarily due to a decrease in securities lending transactions and a decrease in advances against collateral and other which reflected the termination of specific financing deals. Securities financing decreased due to lower securities lending volumes and repurchase agreements partly offset by an increase in total deposits, specifically in Merchant Banking.

### Due to customers

The table below shows amounts due to customers as at 31 December 2013, 2012 and 2011:

	<b>As at 31 December</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<i>(in millions of euros)</i>		
<b>Deposits from customers</b>			
Demand deposits.....	79,215	73,723	72,428
Saving deposits.....	87,448	81,384	74,481
Time deposits.....	19,638	26,196	23,676
Other deposits.....	20,936	19,959	17,212
<b>Total deposits.....</b>	<b>207,237</b>	<b>201,262</b>	<b>187,797</b>
Professional securities transactions.....	8,059	15,152	25,394
Other borrowings.....	347	343	425
<b>Total due to customers.....</b>	<b>215,643</b>	<b>216,757</b>	<b>213,616</b>

In 2013, Due to customers decreased by EUR 1.1 billion to EUR 215.6 billion as a result of an increase in the deposits by EUR 6.0 billion and a decrease in the Professional Securities transactions by EUR 7.1 billion. Demand deposits increased by EUR 5.5 billion mainly due to the increase of the current accounts of private firms and other financial institutions. Saving deposits were EUR 6.1 billion higher mainly as a result of an increase in MoneyYou Germany and Belgium (EUR 3.1 billion) and higher saving volumes in The Netherlands (EUR 2 billion). Time deposits were EUR 6.6 billion lower due lower volumes and matured contracts for insurance, pension funds and other financial institutions.

In 2012, due to customers increased by EUR 3.1 billion. The increase in total client deposits (EUR 13.5 billion) was almost fully neutralized by the decrease in professional securities transactions (EUR 10.2 billion).

## 5.7 Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets and liabilities analyzed according to when they are to be recovered or settled as at 31 December 2013, 2012 and 2011. It should be noted that this presentation is not consistent with how ABN AMRO views liquidity, because the table does not take expected client behavior and other factors into account.

### *Maturity Analysis of Assets and Liabilities*

	<b>As at 31 December 2013</b>			
	<b>Less than twelve months</b>	<b>More than twelve months</b>	<b>No maturity</b>	<b>Total</b>
	<i>(in millions of euros)</i>			
<b>Assets</b>				
Cash and balances at central banks.....	9,523	-	-	9,523
Financial assets held for trading.....	23,867	-	-	23,867
Financial investments.....	3,302	24,308	501	28,111
Loans and receivables - banks.....	24,446	6,764	-	31,210
Loans and receivables - customers.....	54,782	213,365	-	268,147
Other.....	3,216	4,227	3,721	11,164
<b>Total assets.....</b>	<b>119,136</b>	<b>248,664</b>	<b>4,222</b>	<b>372,022</b>
<b>Liabilities</b>				
Financial liabilities held for trading.....	14,248	-	-	14,248
Due to banks.....	12,379	3,454	-	15,833
Due to customers.....	208,248	7,395	-	215,643
Issued debt.....	30,719	57,963	-	88,682
Subordinated liabilities.....	51	7,866	-	7,917
Other.....	5,291	7,976	2,864	16,131
<b>Total liabilities.....</b>	<b>270,936</b>	<b>84,654</b>	<b>2,864</b>	<b>358,454</b>
Total equity .....	-	-	13,568	13,568
<b>Total liabilities and equity.....</b>	<b>270,936</b>	<b>84,654</b>	<b>16,432</b>	<b>372,022</b>

**As at 31 December 2012**

	<b>Less than twelve months</b>	<b>More than twelve months</b>	<b>No maturity</b>	<b>Total</b>
	<i>(in millions of euros)</i>			
<b>Assets</b>				
Cash and balances at central banks.....	9,796	-	-	9,796
Financial assets held for trading.....	24,343	-	-	24,343
Financial investments.....	688	20,703	339	21,730
Loans and receivables - banks.....	46,382	79	-	46,461
Loans and receivables - customers.....	47,405	229,562	-	276,967
Other.....	4,481	7,191	2,789	14,461
<b>Total assets.....</b>	<b>133,095</b>	<b>257,535</b>	<b>3,128</b>	<b>393,758</b>
<b>Liabilities</b>				
Financial liabilities held for trading.....	20,098	-	-	20,098
Due to banks.....	20,878	426	-	21,304
Due to customers.....	208,567	8,190	-	216,757
Issued debt.....	35,481	59,567	-	95,048
Subordinated liabilities.....	1,660	8,076	-	9,736
Other.....	4,323	10,978	2,631	17,932
<b>Total liabilities.....</b>	<b>291,007</b>	<b>87,237</b>	<b>2,631</b>	<b>380,875</b>
Total equity.....	-	-	12,883	12,883
<b>Total liabilities and equity.....</b>	<b>291,007</b>	<b>87,237</b>	<b>15,514</b>	<b>393,758</b>

**As at 31 December 2011**

	<b>Less than twelve months</b>	<b>More than twelve months</b>	<b>No maturity</b>	<b>Total</b>
	<i>(in millions of euros)</i>			
<b>Assets</b>				
Cash and balances at central banks.....	7,641	-	-	7,641
Financial assets held for trading.....	29,523	-	-	29,523
Financial investments.....	1,668	16,697	356	18,721
Loans and receivables - banks.....	60,940	379	-	61,319
Loans and receivables - customers.....	34,012	237,996	-	272,008
Other.....	2,505	6,669	6,296	15,470
<b>Total assets.....</b>	<b>136,289</b>	<b>261,741</b>	<b>6,652</b>	<b>404,682</b>
<b>Liabilities</b>				
Financial liabilities held for trading.....	22,779	-	-	22,779
Due to banks.....	30,050	912	-	30,962
Due to customers.....	208,254	5,362	-	213,616
Issued debt.....	31,295	65,015	-	96,310
Subordinated liabilities.....	5	6,692	2,000	8,697
Other.....	5,186	13,370	2,342	20,898
<b>Total liabilities.....</b>	<b>297,569</b>	<b>91,351</b>	<b>4,342</b>	<b>393,262</b>
Total equity.....	-	-	11,420	11,420
<b>Total liabilities and equity.....</b>	<b>297,569</b>	<b>91,351</b>	<b>15,762</b>	<b>404,682</b>

For more information on liquidity, see Chapter 17 (*Liquidity & funding*) of the Annual Report 2013, which has been incorporated by reference herein.

The next tables provide a maturity analysis of the earliest contractual undiscounted cash flows for assets and liabilities. Financial assets and liabilities held for trading are recorded within on demand at fair value. ABN AMRO believes this best represents the short-term nature and the cash flows of these activities. The contractual maturity of the instruments may however extend over significantly longer periods.

Maturity based on contractual undiscounted cash flows for the year ending 31 December 2013:

As at 31 December 2013									
	On demand	Trading derivatives	Up to one month	Between one and three months	Between three and twelve months	Between one and five years	More than five years	Maturity not applicable	Total
<i>(in millions of euros)</i>									
<b>Assets</b>									
Cash and balances at central banks.....	9,523	-	-	-	-	-	-	-	9,523
Financial assets held for trading.....	11,840	11,998	20	-	-	-	-	-	23,858
Financial investments.....	-	-	464	971	2,153	9,781	15,771	542	29,682
Loans and receivables									
- banks.....	7,133	-	15,275	908	1,252	622	6,771	-	31,961
Loans and receivables - customers.....	3,641	-	27,248	10,896	25,469	81,915	192,033	-	341,202
Other assets <sup>1</sup> .....	389	-	2,039	326	1,568	3,438	3,617	3,730	15,107
<b>Total assets.....</b>	<b>32,526</b>	<b>11,998</b>	<b>45,046</b>	<b>13,101</b>	<b>30,442</b>	<b>95,756</b>	<b>218,192</b>	<b>4,272</b>	<b>451,333</b>
<sup>1</sup> of which:									
<i>Gross settled derivatives not held for trading:</i>									
Contractual amounts receivable.....	-	-	8	21	91	416	165	-	701
Contractual amounts payable.....	-	-	5	5	31	159	29	-	229
<b>Total undiscounted gross settled derivatives not held for trading.....</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>16</b>	<b>60</b>	<b>257</b>	<b>136</b>	<b>-</b>	<b>472</b>
Net settled derivatives not held for trading.....	-	-	32	154	480	2,517	1,650	-	4,833
<b>Liabilities</b>									
Financial liabilities held for trading.....	4,378	9,849	21	-	-	-	-	-	14,248
Due to banks.....	3,345	-	4,500	2,603	2,074	1,760	2,196	-	16,478
Due to customers.....	62,577	-	127,906	13,975	4,056	3,563	4,435	-	216,512
Issued debt.....	-	-	7,020	7,886	16,986	36,459	25,330	-	93,681
Subordinated liabilities.....	-	-	12	101	363	4,483	5,467	-	10,426
Other liabilities <sup>2</sup> .....	639	-	510	2,710	3,172	5,383	7,069	2,744	22,227
<b>Total liabilities.....</b>	<b>70,939</b>	<b>9,849</b>	<b>139,969</b>	<b>27,275</b>	<b>26,651</b>	<b>51,648</b>	<b>44,497</b>	<b>2,744</b>	<b>373,572</b>
<sup>2</sup> of which:									
<i>Gross settled derivatives not held for trading:</i>									
Contractual amounts receivable.....	-	-	3	3	37	112	8	-	163
Contractual amounts payable.....	-	-	11	4	42	151	12	-	220
<b>Total undiscounted gross settled derivatives not held for trading.....</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>1</b>	<b>5</b>	<b>39</b>	<b>4</b>	<b>-</b>	<b>57</b>
Net settled derivatives not held for trading.....	-	-	97	182	979	4,922	6,099	-	12,279
<b>Net liquidity gap.....</b>	<b>(38,413)</b>	<b>2,149</b>	<b>(94,923)</b>	<b>(14,174)</b>	<b>3,791</b>	<b>44,108</b>	<b>173,695</b>	<b>1,528</b>	<b>77,761</b>
<i>Off balance sheet liabilities</i>	13,764	-	-	-	-	-	-	-	13,764
Committed credit facilities.....	3,534	-	-	-	-	-	-	-	3,534
Guarantees.....	5,415	-	-	-	-	-	-	-	5,415
Irrevocable facilities.....	-	-	-	-	-	-	-	-	-
Recourse risks arising from discounted bills.....	7,154	-	-	-	-	-	-	-	7,154
<b>Total off-balance sheet liabilities.....</b>	<b>29,867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,867</b>

Maturity based on contractual undiscounted cash flows for the year ending 31 December 2012:

As at 31 December 2012									
	On demand	Trading derivatives	Up to one month	Between one and three months	Between three and twelve months	Between one and five years	More than five years	Maturity not applicable	Total
<i>(in millions of euros)</i>									
<b>Assets</b>									
Cash and balances at central banks.....	9,749	-	47	-	-	-	-	-	9,796
Financial assets held for trading.....	7,083	15,726	124	256	1,154	-	-	-	24,343
Financial investments.....	1	-	122	121	929	12,199	10,501	339	24,212
Loans and receivables - banks.....	7,762	-	32,067	4,309	2,288	82	-	-	46,508
Loans and receivables - customers.....	3,465	-	26,974	7,842	22,572	85,664	211,276	-	357,793
Other assets <sup>1</sup> .....	4	-	1,683	729	2,870	4,460	4,247	2,789	16,782
<b>Total assets.....</b>	<b>28,064</b>	<b>15,726</b>	<b>61,017</b>	<b>13,257</b>	<b>29,813</b>	<b>102,405</b>	<b>226,024</b>	<b>3,128</b>	<b>479,434</b>
<sup>1</sup> of which:									
<i>Gross settled derivatives not held for trading:</i>									
Contractual amounts receivable.....	-	-	12	76	86	628	292	-	1,094
Contractual amounts payable.....	-	-	24	5	32	228	38	-	327
<b>Total undiscounted gross settled derivatives not held for trading.....</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>71</b>	<b>54</b>	<b>400</b>	<b>254</b>	<b>-</b>	<b>767</b>
Net settled derivatives not held for trading.....	-	-	84	117	444	2,225	1,258	-	4,128
<b>Liabilities</b>									
Financial liabilities held for trading.....	3,717	15,068	106	219	987	-	-	-	20,097
Due to banks.....	3,737	-	10,169	5,375	1,660	454	11	-	21,406
Due to customers.....	61,240	-	133,804	7,513	6,347	4,473	4,465	-	217,842
Issued debt.....	3	-	5,966	17,423	13,985	41,186	24,292	-	102,855
Subordinated liabilities.....	-	-	25	889	1,081	5,779	3,693	-	11,467
Other liabilities <sup>2</sup> .....	692	-	486	137	1,884	7,104	8,605	2,631	21,539
<b>Total liabilities.....</b>	<b>69,389</b>	<b>15,068</b>	<b>150,556</b>	<b>31,556</b>	<b>25,944</b>	<b>58,996</b>	<b>41,066</b>	<b>2,631</b>	<b>395,206</b>
<sup>2</sup> of which:									
<i>Gross settled derivatives not held for trading:</i>									
Contractual amounts receivable.....	-	-	1	2	48	197	29	-	277
Contractual amounts payable.....	-	-	9	2	32	153	19	-	215
<b>Total undiscounted gross settled derivatives not held for trading.....</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>(16)</b>	<b>(44)</b>	<b>(10)</b>	<b>-</b>	<b>(62)</b>
Net settled derivatives not held for trading.....	-	-	375	178	1,189	6,618	7,376	-	15,736
<b>Net liquidity gap.....</b>	<b>(41,325)</b>	<b>658</b>	<b>(89,539)</b>	<b>(18,299)</b>	<b>3,869</b>	<b>43,409</b>	<b>184,958</b>	<b>497</b>	<b>84,228</b>
<i>Off balance sheet liabilities</i>									
Committed credit facilities.....	17,635	-	-	-	-	-	-	-	17,635
Guarantees.....	3,817	-	-	-	-	-	-	-	3,817
Irrevocable facilities.....	5,474	-	-	-	-	-	-	-	5,474
Recourse risks arising from discounted bills.....	7,486	-	-	-	-	-	-	-	7,486
<b>Total off-balance sheet liabilities.....</b>	<b>34,412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,412</b>

Maturity based on contractual undiscounted cash flows for the year ending 31 December 2011:

As at 31 December 2011									
	On demand	Trading derivatives	Up to one month	Between one and three months	Between three and twelve months	Between one and five years	More than five years	Maturity not applicable	Total
<i>(in millions of euros)</i>									
<b>Assets</b>									
Cash and balances at central banks.....	1,141	-	6,505	-	-	-	-	-	7,646
Financial assets held for trading.....	15,281	14,242	-	-	-	-	-	-	29,523
Financial investments.....	-	-	1,278	150	448	7,546	11,137	356	20,915
Loans and receivables - banks.....	-	-	56,994	3,541	436	272	122	-	61,365
Loans and receivables - customers.....	-	-	19,688	8,465	12,835	51,042	272,278	-	364,308
Other assets 1.....	68	-	216	2,221	589	5,396	2,939	6,296	17,725
<b>Total assets.....</b>	<b>16,490</b>	<b>14,242</b>	<b>84,681</b>	<b>14,377</b>	<b>14,308</b>	<b>64,256</b>	<b>286,476</b>	<b>6,652</b>	<b>501,482</b>
<sup>1</sup> of which:									
<i>Gross settled derivatives not held for trading:</i>									
Contractual amounts receivable.....	-	-	3	5	62	258	205	-	533
Contractual amounts payable.....	-	-	6	10	45	204	99	-	364
<b>Total undiscounted gross settled derivatives not held for trading.....</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>(5)</b>	<b>17</b>	<b>54</b>	<b>106</b>	<b>-</b>	<b>169</b>
Net settled derivatives not held for trading.....	-	-	82	44	259	1,453	935	-	2,773
<b>Liabilities</b>									
Financial liabilities held for trading.....	9,313	13,466	-	-	-	-	-	-	22,779
Due to banks.....	9,667	-	16,705	3,062	675	484	576	-	31,169
Due to customers.....	83,409	-	117,974	4,372	2,664	3,630	2,122	-	214,171
Issued debt.....	-	-	14,708	10,381	7,279	49,629	21,447	-	103,444
Subordinated liabilities.....	-	-	9	37	380	3,352	6,409	-	10,187
Other liabilities 2.....	-	-	1,740	2,808	2,299	10,984	10,997	2,343	31,171
<b>Total liabilities.....</b>	<b>102,389</b>	<b>13,466</b>	<b>151,136</b>	<b>20,660</b>	<b>13,297</b>	<b>68,079</b>	<b>41,551</b>	<b>2,343</b>	<b>412,921</b>
<sup>2</sup> of which:									
<i>Gross settled derivatives not held for trading:</i>									
Contractual amounts receivable.....	-	-	-	-	4	10	2	-	16
Contractual amounts payable.....	-	-	1	-	7	22	2	-	32
<b>Total undiscounted gross settled derivatives not held for trading.....</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>3</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>16</b>
Net settled derivatives not held for trading.....	-	-	176	173	1,061	5,026	10,369	-	16,805
<b>Net liquidity gap.....</b>	<b>(85,899)</b>	<b>776</b>	<b>(66,455)</b>	<b>(6,283)</b>	<b>1,011</b>	<b>(3,823)</b>	<b>244,925</b>	<b>4,309</b>	<b>88,561</b>
<i>Off balance sheet liabilities</i>									
Committed credit facilities.....	14,484	-	-	-	-	-	-	-	14,484
Guarantees.....	7,292	-	-	-	-	-	-	-	7,292
Irrevocable facilities.....	4,644	-	-	-	-	-	-	-	4,644
Recourse risks arising from discounted bills.....	6,120	-	-	-	-	-	-	-	6,120
<b>Total off-balance sheet liabilities.....</b>	<b>32,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,540</b>

## BOOK ENTRY, DELIVERY, FORM AND SETTLEMENT

### Form of the Notes and registration

#### *General*

The Notes may be offered (i) within the United States to QIBs as defined in Rule 144A of the Securities Act in reliance upon the exemption from registration requirements of the Securities Act provided by Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act only, (ii) outside the United States in an offshore transaction to a non-US person within the meaning of Regulation S in accordance with Rule 903 and 904 of Regulation S under the Securities Act only or (iii) simultaneously within the United States to QIBs as defined in Rule 144A of the Securities Act in reliance upon the exemption from registration requirements of the Securities Act provided by Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act and outside the United States in an offshore transaction to a non-US person within the meaning of Regulation S in accordance with Rule 903 and 904 of Regulation S under the Securities Act 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 depository (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 "**Depository**") as common depository for, Euroclear and/or Clearstream, Luxembourg (each Global Certificate so deposited and registered is referred to herein as a "**Euro Regulation S Global Certificate**"). The European Registrar will cause the European Register to be kept initially at its offices in Luxembourg, in which, subject to such reasonable regulations it may prescribe, the European Registrar will provide for the registration of Euro Regulation S Global Certificates, any Definitive Notes related thereto and any transfers thereof. The Issuer reserves the right to transfer such registration function to another bank or financial institution at any time.

Notes sold pursuant to an offering made in and outside the United States simultaneously as part of a global offering may be represented either (i) solely by one or more Rule 144A Global Certificates registered in respect of Notes sold in the United States and one or more Global Certificates deposited with the US Registrar as custodian for, and registered in the name of a nominee of, DTC, registered in respect of Notes sold outside the United States (each Global Certificate so deposited and registered is referred to herein as a "**DTC Regulation S Global Certificate**"; and each DTC Regulation S Global Certificate together with any Euro Regulation S Global Certificate, each a "**Regulation S Global Certificate**"; and each DTC Regulation S Global Certificate together with any Rule 144A Global Certificate, each a "**DTC**



**Global Certificate**"), such arrangement referred to herein as a "**Single Global Note Issue**" or, alternatively (ii) by one or more Rule 144A Global Certificates so deposited and registered in respect of Notes sold in the United States, and a separate Euro Regulation S Global Certificate registered in the name of, or the name of a nominee of, and deposited with (i) in the case of Notes held under the NSS, the common safekeeper, and (ii) in the case of Notes not held under NSS, a common depository for, Euroclear or Clearstream, Luxembourg, as the case may be, in respect of Notes sold outside the United States, such arrangement referred to herein as a "**Dual Global Note Issue**".

Notes sold to QIBs in reliance on Rule 144A (including beneficial interests in the Rule 144A Global Certificates) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "*Notice to Purchasers*".

Except as described below, owners of beneficial interests in a Global Certificate (each, a "**Beneficial Owner**") will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in individual certificated registered form (each, a "**Definitive Note**") and will not be considered the owners or holders thereof under the relevant Agency Agreement. Beneficial interests in a Global Certificate will be represented, and transfers thereof will be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Owners, as a direct or indirect participant in the relevant clearing system.

Investors in a global offering may elect to hold beneficial interests in a Global Certificate (a) through DTC (in the United States) if such investors are US persons who are also QIBs, or (b) through Euroclear or Clearstream, Luxembourg (in Europe) if such investors are not US Persons (as defined in Regulation S), if they are participants in such systems, or indirectly through organizations that are participants in such systems. If the Notes sold pursuant to a global offering are part of a Single Global Note Issue, Clearstream, Luxembourg and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and/or Euroclear's names on the books of their respective US depositories, which, in turn, hold such positions in customers' securities accounts in the US depositories' names on the books of DTC. Citibank, N.A. acts as the US depository for Clearstream, Luxembourg and JP Morgan Chase, New York acts as the US depository for Euroclear (each, a "**US 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 relevant Agency Agreement and the Notes, the Issuer and the Paying Agents, the Registrars and the Transfer Agent (collectively, the "**Fiscal Agents**," and each individually, a "**Fiscal Agent**") will deem and treat the registered holder or holders of Notes in the relevant Register as the absolute owner or owners thereof for all purposes whatsoever notwithstanding any notice to the contrary; and all payments to, or to the order of, the registered holders will be valid and effectual to discharge the liability of the Issuer and the Fiscal Agents on the Notes to the extent of the sum or sums so paid. However, for so long as 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 Notes (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) (in which regard any certificate or other document issued by DTC and/or Euroclear and Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer 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

Notes, the right to which shall be vested, as against the Issuer and the Fiscal Agent, solely in the person in whose name the Global Certificate is registered in accordance with and subject to its terms, which shall be 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.

Accordingly, any Beneficial Owner must rely on the procedures of DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, and, if such person is not a participant in any such clearing system, on the procedures of the participant therein through which such person owns its beneficial interest, to exercise any rights of a holder of Notes. The Issuer understands that, under existing industry practices, in the event that the Issuer requests any action of holders or that Beneficial Owners desire to give or take any action which a holder is entitled to give or take under the relevant Agency Agreement, DTC, its nominee or a successor to DTC or its nominee, as the holder of the DTC Global Certificate, would authorize the participants through which the relevant beneficial interests are held (or persons holding beneficial interests in the Notes through participants) to give or take such action, and such participants would authorize Beneficial Owners owning through such participants (or such persons holding beneficial interests in the Notes through participants) to give or take such action and would otherwise act upon the instructions given to such participants (or such persons) by such Beneficial Owners.

DTC may grant proxies or otherwise authorize its participants (or persons holding beneficial interests in the Notes through its participants) to exercise any rights of a holder or take any other actions which a holder is entitled to take under the relevant Agency Agreement or in respect of the Notes. Euroclear or Clearstream, Luxembourg, as the case may be, will take any action permitted to be taken by a holder under the relevant Agency Agreement or the Notes on behalf of a Euroclear participant or a Clearstream, Luxembourg participant only in accordance with its relevant rules and procedures and, with respect to beneficial interests in a DTC Global Certificate, subject to the common depositary's ability to effect such actions on its behalf through DTC. Because DTC can act only on behalf of its participants, who in turn act on behalf of indirect participants, the ability of a Beneficial Owner to pledge its beneficial interest in the Notes to persons or entities that do not participate in the DTC system or otherwise take action in respect of such beneficial interest, may be limited by the lack of a definitive certificate for such beneficial interest. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a DTC Global Certificate.

Principal of, and premium, if any, and interest on, the Notes are payable to the persons in whose names the Notes are registered on the Record Date (as defined in the applicable Terms and Conditions) preceding any Interest Payment Date or at Maturity, as the case may be. Ownership positions within each clearing system will be determined in accordance with the normal conventions observed by such system. The US Paying Agent and the European Paying Agent will act as the Issuer's paying agents for the Notes pursuant to the relevant Agency Agreement. Principal and interest payments on a Global Certificate will be made to DTC, its nominee or a nominee of Euroclear and/or Clearstream, Luxembourg, as the case may be (or to any successor to DTC or any such nominee), as the registered holder of the Global Certificate representing such Notes. Neither the Issuer nor any agent of the Issuer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Upon receipt of any payment of principal of, or premium, if any, or interest on, a DTC Global Certificate, the Issuer expects that DTC will credit its participants' accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of such DTC Global Certificate as shown on the records of DTC. Payments by such participants to owners of beneficial interests in the DTC Global Certificate held through such participants will be the responsibility of such participants, as is now the case

with securities held for the accounts of customers registered in a "street name". Distributions with respect to Notes held through Euroclear and/or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants (as defined below) and/or Clearstream, Luxembourg participants (as defined below) in accordance with the relevant system's rules and procedures, to the extent received by the 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 Notes; or (iv) upon an Event of Default as described in Condition 9 (*Events of Default*). The Definitive Notes so issued in exchange for any such Global Certificate shall be of like tenor and of an equal aggregate principal amount, in authorized denominations and will bear the restrictive legend referred to in "*Notice to Purchasers*". Such Definitive Notes shall be registered in the relevant Register in the name or names of such person or persons as the relevant clearing system shall instruct the applicable Registrar. It is expected that such instructions may be based upon directions received by DTC from DTC participants with respect to ownership of beneficial interests in the DTC Global Certificate. Except as provided above, owners of beneficial interests in a Global Certificate will not be entitled to receive physical delivery of Definitive Notes and will not be considered the registered holders of such Notes for any purpose. Upon exchange into Definitive Notes, holders will become Registered Holders.

Subject to the detailed provisions of the relevant Global Certificate, if the exchange of the Global Certificate has not been completed by 5.00 p.m. (New York, United States of America time) on the date which is five business days after the delivery to the applicable Registrar of such information as is required to complete and deliver such Definitive Notes against the surrender of such Global Certificate at the specified office of the relevant Registrar, each person shown in the records of the relevant clearing system as being entitled to an interest in such Global Certificate (a "**Relevant Account Holder**") shall directly acquire, without the need for any further action on behalf of any person, against the Issuer all those rights ("**Direct Rights**") which such Relevant Account Holder would have had if, immediately before such time, it held and owned duly executed and authenticated Definitive Notes in respect of each Note represented by such Global Certificate which such Relevant Account Holder has credited to its securities account with the relevant clearing system at such time including, without limitation, the right to receive all payments due at any time in respect of such Definitive Notes other than any corresponding payments already made under the relevant Global Certificate. As from such time, the holder of the relevant Global Certificate will have no further rights thereunder; the registered holder of the relevant Global Certificate shall not be entitled to receive further payments or enforce any other rights thereunder.

Each Relevant Account Holder shall - where applicable - have the right to assign Direct Rights recorded in his name to a third party, including Beneficial Owners of the relevant Global Certificate. Such legal person shall be obliged to accept the assignment, as a result of which the legal person in question will acquire a direct claim against the Issuer. See for further details the form of Global Certificates attached to the Senior Notes Agency Agreement and the Subordinated Notes Agency Agreement.

## **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 five Business Days of receipt of such form of transfer, be delivered to the transferee at the office of the applicable Registrar or such paying agent or mailed, at the risk of the holder entitled to the Definitive Note in respect of which the relevant Definitive Note is issued, to such address as may be specified in such form of transfer.

## **Exchange of Definitive Notes for Global Certificates**

Definitive Notes may not be transferred for beneficial interests in any Global Certificate unless the transferor first delivers to the Transfer Agent a written certificate to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Purchasers*".

## **Exchange between Regulation S Global Certificates and Rule 144A Global Certificates**

Interests in a Regulation S Global Certificate may be transferred to a person who wishes to hold an interest in a Rule 144A Global Certificate only upon receipt by the Registrars, the Transfer Agent and the Paying Agents of a written certification from the transferor (in the form set out in the relevant Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Interests in a Rule 144A Global Certificate may also be transferred to a person who wishes to hold an interest through a Regulation S Global Certificate, but only upon receipt by the Registrars, the Transfer Agent and the Paying Agents of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or with Rule 144A (if available) under the Securities Act.

Any interest in either a Rule 144A Global Certificate or a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of an interest in the other Global Certificate will, upon transfer, cease to be an interest in such Global Certificate and become an interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in such other Global Certificate.

## **Global clearance and settlement**

### ***General***

Notes issued pursuant to the Program may be held through one or more international and domestic clearing systems, principally, the book-entry systems operated by DTC in the United States, and Euroclear and Clearstream, Luxembourg in Europe. Electronic securities and payment transfer, processing, 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

#### *Clearstream, Luxembourg*

Clearstream, Luxembourg holds securities for its participating organizations ("**Clearstream, Luxembourg participants**") and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg participants through electronic book-entry changes in accounts of Clearstream, Luxembourg participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream, Luxembourg participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also interfaces with domestic securities markets in several countries. Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier, and the Banque Centrale du Luxembourg which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg participants are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations, and may include the Agents (if any). Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with a Clearstream, Luxembourg participant. Clearstream, Luxembourg has established an electronic bridge with Euroclear as the operator of the Euroclear system

(the "**Euroclear Operator**") in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Distributions with respect to Notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream, Luxembourg participants in accordance with its rules and procedures, to the extent received by the 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 European bonds in registered form. Notes will be credited to the securities custody accounts of Euroclear and/or Clearstream, Luxembourg participants, as the case may be, on the business day following the settlement date against payment for value on the settlement date.

#### ***Secondary market trading***

##### *Trading between DTC Participants*

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled using procedures applicable to US corporate debt obligations in DTC's Same-Day Funds Settlement System in same-day funds, if payment is made in US Dollars, or free of payment if payment is made in a currency other than US Dollars. In the latter case, separate payment arrangements outside of the DTC system are required to be made between DTC participants.

##### *Trading between Euroclear and/or Clearstream, Luxembourg Participants*

Secondary market trading between Euroclear and/or Clearstream, Luxembourg participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using procedures applicable to conventional Eurobonds in registered form.

##### ***Trading between a DTC seller and a Euroclear or Clearstream, Luxembourg purchaser***

##### *Single Global Note Issues*

When Notes represented by a DTC Global Certificate are to be transferred from the account of a DTC participant (other than the US Depositories) to the account of a Euroclear participant or a Clearstream, Luxembourg participant, the purchaser must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. Euroclear or Clearstream, Luxembourg, as the case may be, will instruct its US Depository to receive the Notes against payment or free of payment, as the case may be. Its US Depository will then make payment to the DTC participant's account against delivery of the Notes. After settlement has been completed, the Notes will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the account of the relevant Euroclear or Clearstream, Luxembourg participant. Credit for the Notes will appear on the next day (Central European Time) and cash debit will be back-valued to, and the interest on the Notes will accrue from, the value date (which would be the preceding day, when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream, Luxembourg cash debit will be valued instead as of the actual settlement date.

Euroclear participants or Clearstream, Luxembourg participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the Notes are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg participants purchasing Notes would incur overdraft charges for one day, assuming they cleared the overdraft when the Notes were credited to their accounts. However, interest on the Notes would accrue from the value date. Therefore, in many cases, the investment income on Notes earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Because the settlement will take place during New York business hours, DTC participants can employ their usual procedures for delivering Notes to the applicable US Depository for the benefit of Euroclear participants and/or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participants, a cross-market transaction will settle no differently than a trade between two DTC participants.

#### *Dual Global Note issues*

When Notes are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream, Luxembourg participant, the DTC participant will deliver the Notes free of payment to the appropriate account of the Custodian at DTC by 11:00 A.M. (New York time) on the settlement date together with instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg participant. Separate payment arrangements are required to be made between the relevant Euroclear or Clearstream, Luxembourg participant and the DTC participant. The applicable Registrar, as custodian, will (i) decrease the amount of Notes registered in the name of the nominee of DTC and represented by the DTC Global Certificate and (ii) increase the amount of Notes registered in the name of the nominee of Euroclear and Clearstream, Luxembourg and represented by the Global Certificate. The 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 Final Terms and/or Pricing Term Sheet save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. See "*Special Provisions Relating to Foreign Currency Notes*" for additional information regarding Foreign Currency Notes.

## FORM OF SENIOR NOTES FINAL TERMS

*Set out below is the form of Senior Notes Final Terms which will be completed for each Tranche of Senior Notes issued under the Program with a minimum denomination at least US\$200,000 (or its equivalent in another currency) but so that in no event the minimum denomination will be lower than EUR 100,000.*

### FINAL TERMS

Date: [•]

**ABN AMRO Bank N.V.**

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

Issue of [Aggregate [Principal][Nominal] Amount of Tranche] [Title of Senior Notes] (the "Notes")

**under the Program for the issuance of Medium Term Notes**

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

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated 28 April 2014 [as supplemented by a supplement dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the Final Terms of the Senior Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Senior Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [<http://www.abnamro.com/en/investor-relations/debt-investors/index.html>]. Any information contained in or accessible through any website, including [<http://www.abnamro.com/ir>], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]*

1. Issuer: ABN AMRO Bank N.V.

2. (i) Series Number: [●]
- (ii) Tranche Number: [●]
- (iii) Date on which the Notes become fungible: [Not Applicable]
- [The Notes will be consolidated, form a single series and be interchangeable for trading purposes with the *[insert description of the Series]* on *[[insert date]/[the Issue Date]/[, which is expected to occur on or about [insert date] (40 days after the Issue Date of the new Notes)]].*]
3. Specified Currency or Currencies [●]
4. Aggregate [Principal][Nominal] Amount:
- (i) Series: [●]
- (ii) Tranche: [●]
5. Issue Price of Tranche: [●]% of the Aggregate [Principal][Nominal] Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
6. (a) Specified Denominations: [●]
- ["144A Global Certificates denominated in US dollars: US\$200,000 and integral multiples of US\$1,000 in excess thereof."]
- ["[EUR100,000] or equivalent and integral multiples of [EUR1,000] or equivalent in excess thereof up to and including [EUR199,000] or equivalent. No Notes in definitive form will be issued with a denomination above [EUR199,000] or equivalent."]
- (b) Calculation Amount [●]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor.)*
7. (i) Issue Date [●]
- (ii) Interest Commencement Date: [Issue Date/Not Applicable/[●]]

8. Maturity Date [or Redemption Month]: [●]
- (Specify Date or (for Floating Rate) Interest Payment Date falling in or nearest to [specify month and year]. Redemption Month should only be used where the term of the Notes is an even number of years from the Issue Date.)*
9. Interest Basis: [[●]% Fixed Rate]
- [+/- [●]% Floating Rate] *(specify particular interest basis)*
- [CD Rate]
  - [CMT Rate]
  - [Federal Funds Rate]
  - [Eleventh District Cost of Funds Rate]
  - [Prime Rate]
  - [Treasury Rate]
  - [Commercial Paper Rate]
  - [[●] Month EURIBOR]
  - [[●] Month LIBOR]
- [Zero Coupon]
- (further particulars specified in paragraph[s] [15][16][17] below)*
10. Redemption/Payment Basis: [Redemption at par]  
[Redemption at [●]% of [Principal Amount][Notional Amount]]
- (N.B. A Final Redemption Amount greater than 100% may only occur in the case of Zero Coupon Notes.)*
11. Change of Interest Basis: [Applicable/Not Applicable]
- [Specify the date when any fixed to floating rate change occurs or refer to paragraphs 15 and 16 below and identify there]*
12. Put/Call Options: [Not Applicable]  
[Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. Status of the Notes: Senior Notes
14. Method of distribution: [Syndicated/Non-syndicated]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

### 15. Fixed Rate Note Provisions

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate(s) of Interest:

[From (and including) [●] up to (but excluding) [●]]  
[[●]% per annum] [the aggregate of [●]% and the Mid Swap Rate per annum] [determined by the Agent]  
[payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date]

["Mid Swap Rate" means the annual mid swap rate for [Euro/U.S. dollar] swap transactions with a maturity of [●] years, expressed as a percentage, displayed on Reuters screen page [●] (or such other page as may replace that page on Reuters, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at [●] [a.m./p.m.] ([●] time) on the [second/[●]] Business Day prior to [●].]

(ii) Fixed Interest Period:

[●]

(iii) Interest Payment Date(s):

[●] in each year, up to and including the Maturity Date [, in each case subject to adjustment in accordance with the [Following/Modified/Preceding] Business Day Convention[, Unadjusted]]

*(NB: This will need to be amended in the case of long or short coupons)*

(iv) First Interest Payment Date:

[●]

(v) Fixed Coupon Amount(s):

[Not Applicable]  
[[●] per Note of Calculation Amount][For the avoidance of doubt, the amount of interest payable on the Interest Payment Date shall be the Fixed Coupon Amount or any Broken Amount, if applicable)].

(vi) Initial/Final Broken Amount(s):

[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]

- (vii) Day Count Fraction: [30/360]  
 [30E/360]  
 [Actual/Actual (ICMA)]  
 [Actual/Actual (ISDA)]  
 [Actual/365 (Fixed)]  
 [Actual/360]  
 [30E/360 (ISDA)]

- (viii) Determination Date(s): [[●] in each year / Not Applicable]

*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.*

*NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration*

*NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*

- (ix) Additional Business Center(s): [None/[●]]

**16. Floating Rate Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Interest Period(s): [●]  
 (ii) Interest Commencement Date: [●]  
 (iii) Interest Determination Date(s): [●]

*(Second London Banking Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period of Sterling LIBOR and the second day which is also a TARGET2 Day prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

- (iv) First Interest Payment Date: [●]  
 (v) Specified Interest Payment Dates: [[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (vi) below]  
 (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/None]

- (vii) Unadjusted [No/Yes/Not applicable]
- (Only applicable in case a Business Day Convention applies. Insert "No" if the amount of interest payable in respect of the relevant Interest Period should also be adjusted in accordance with the applicable Business Day Convention. Insert "Yes" if the amount of interest should be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the applicable Business Day Convention.)*
- (viii) Additional Business Center(s): [●]
- (ix) Manner in which the Rate of Interest and Interest Amounts is to be determined: [Reference Rate Determination/ISDA Determination]
- (x) Party responsible for calculating the Rate of Interest and Interest Amounts (if not the Calculation Agent): [●]
- (xi) Reference Rate Determination: [Yes/No]
- (If "No", delete the remaining sub-paragraphs of this paragraph (xi))*
- Initial Interest Rate: [●]
  - Index Maturity: [●]
  - Interest Basis or Bases: [CD Rate]  
[CMT Rate]  
[Commercial Paper Rate]  
[Eleventh District Cost of Funds Rate]  
[EURIBOR]  
[Federal Funds Rate]  
[LIBOR]  
[Prime Rate]  
[Treasury Rate]
  - Index Currency: [●]
  - Spread: [+/-][●]% per annum
  - Spread Multiplier: [●]
  - Relevant Screen Page: [Condition 4(b)(ii)(B)][(1)][(2)]  
[(3)][(4)][(5)][(6)][(7)][(8)][(9)] applies/[●]
  - Interest Determination Date(s): [●]

- Initial Interest Reset Date: [●]
- Initial Reset Period: [●]
- Interest Reset Dates: [●]
- (xii) ISDA Determination: [Yes/No]
 

*(If "No", delete the remaining sub-paragraphs of this paragraph (xii))*
- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]
- [- ISDA Definitions: [2000/2006]]
- (xiii) Margin(s): [+/-] [●]% per annum
- (xiv) Minimum Rate of Interest: [●]% per annum
- (xv) Maximum Rate of Interest: [●]% per annum
- (xvi) Day Count Fraction:
  - [Actual/Actual (ISDA)]
  - [Actual/Actual]
  - [Actual/365 (Fixed)]
  - [Actual/360]
  - [30/360]
  - [360/360]
  - [30E/360]
  - [30E/360 (ISDA)]
- (xvii) Reference Bank(s) or Dealer(s) (if any): [Not Applicable/[●]]
- 17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
 

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

  - (i) Amortization/Accrual Yield: [●]% per annum
  - (ii) Reference Price: [●]%
  - (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment as specified in Condition 6(e)(ii): [Applicable/ Not Applicable/[●]]
 

*(Consider applicable day count fraction if not US dollar denominated)*
  - (iv) Additional Business Center(s): [None/[●]]



## PROVISIONS RELATING TO REDEMPTION

18. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
  - (iii) Party responsible for calculating Optional Redemption Amount (if not the Fiscal Agent, Calculation Agent or Exchange Rate Agent): [●]
  - (iv) If redeemable in part:
    - (a) Minimum Redemption Amount: [●]
    - (b) Maximum Redemption Amount: [●]
  - (v) Notice period (if other than as set out in the Conditions): [●] days
19. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s): [●] per Calculation Amount
  - (iii) Party responsible for calculating Optional Redemption Amount (if not the Fiscal Agent or Exchange Rate Agent): [●]
  - (iv) Notice period (if other than as set out in the Conditions): [●]
20. Final Redemption Amount of each Note: [[●] per Calculation Amount]
- (i) Payment date (if other than as set out in the Conditions): [Not Applicable/[●]]

21. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or upon an event of default or other early redemption (if required or different from that set out in Condition 6(e)): [●] per Calculation Amount

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: [Registered]  
 [DTC Regulation S Global Certificate registered in the name of, or nominee of, DTC]  
 [Regulation S Global Certificate registered in the name of, or the name of a nominee of, [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]  
 [Rule 144A Global Certificate registered in the name of, or the name of a nominee of, DTC]
23. New Safekeeping Structure: [Yes/No]
24. Additional Financial Center(s): [Not Applicable/[●]]
25. [For the purposes of Condition 12, notices to be published in the Financial Times:] [Yes/No]
26. Whether Condition 7(a) of the Notes applies (in which case Condition 6(b) of the Notes will not apply) or whether Condition 7(b) and Condition 6(b) of the Notes apply: [Condition 7(a) applies and Condition 6(b) does not apply/Condition 7(b) and Condition 6(b) apply]

## DISTRIBUTION

27. (i) If syndicated, names of Agents: [Not Applicable/[●]]  
 (ii) Date of Pricing Term Sheet [●]  
 (iii) Stabilizing Manager(s) (if any): [Not Applicable/[●]]
28. If non-syndicated, name of relevant Agent: [Not Applicable/[●]]
29. Eligibility: [Rule 144A only/Reg S only/Rule 144A and Reg S]
30. US Selling Restrictions: [144A/Reg S]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information*] relating to paragraph [•] above 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

- (i) Admission to Trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext in Amsterdam/specify relevant regulated market and, if relevant, admission to an official list]] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext in Amsterdam/specify relevant regulated market and, if relevant, admission to an official list] with effect from [●].]

[Not Applicable.]

- (ii) Estimate of total expenses related to admission to trading: [●]

### 32. RATINGS

Ratings: [[The Notes to be issued [have [not] been/are expected to be] rated[:]]/[The following ratings reflecting ratings assigned to Notes of this type issued under the Program generally:]]

[S & P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

[Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

*[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and [has]/[have each] applied for registration under Regulation (EC) No 1060/2009 (the "CRA Regulation), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority].] [[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation.) [[Insert full legal name of credit rating agency/ies] [is]/[are] not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under Regulation*

(EC) No 1060/2009 (the "CRA Regulation").]

(The above disclosure should reflect the rating allocated to Notes of the type issued under the Program generally or, where the issue has been specifically rated, that rating.)

(A rating does not constitute a recommendation to purchase, sell or hold a particular Note.)

33. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the Agents, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

The Agents and their respective affiliates are full service financial institutions and they may provide or may have in the past provided services to the Issuer in that capacity, and they may hold or make investment recommendations relating to securities or instruments of the Issuer. See "*Plan of Distribution*".

34. **[REASONS FOR THE OFFER**

Reasons for the offer: [●]

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer are different will need to include those reasons here.)]

35. **[YIELD (Fixed Rate Notes only)**

Indication of yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

36. **OPERATIONAL INFORMATION**

- (i) CUSIP: Rule 144A: [●]  
[Regulation S: [●]]
- (ii) ISIN Code: Rule 144A: [●]  
Regulation S: [●]
- (iii) Common Code: Rule 144A: [●]  
Regulation S: [●]

- (iv) Any clearing system(s) other than DTC or Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and numbers(s)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of additional Paying Agent(s) (if any): [•]
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes.
- Note that the designation "yes" does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.
- The Notes will be deposited initially upon issue with one of the ICSDs acting as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)].]
- [No.
- Whilst the designation is specified as "no", should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs acting as common safekeeper[. / (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not mean that the Notes will then be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following are the Terms and Conditions of Senior Notes to be issued by the Issuer (each, a "Condition") which will be incorporated by reference into each Global Certificate and the definitive Notes (if any) representing the Senior Notes. The applicable Pricing Term Sheet and/or Final Terms in relation to any Tranche of Senior Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Senior Notes. The applicable Pricing Term Sheet and/or Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Certificate and definitive Note representing the Senior Notes. Reference should be made to "Book Entry, Delivery, Form and Settlement" above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Senior Note is one of a series of Senior Notes issued by ABN AMRO Bank N.V. (in such capacity, the "**Issuer**", which expression shall include any substituted debtor pursuant to Condition 15 (*Substitution of the Issuer*)) pursuant to the Senior Notes Agency Agreement (as defined below). References herein to the "**Senior Notes**" shall be references to the Senior Notes of this Series (as defined below) and shall mean (i) in relation to any Senior Notes represented by a Global Certificate, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Senior Notes issued in exchange for a Global Certificate and (iii) any Global Certificate. The Senior Notes will be issued in accordance with an Senior Notes Agency Agreement dated as of 28 April 2014 (as supplemented, amended and/or replaced from time to time, the "**Senior Notes Agency Agreement**"), among the Issuer, The Bank of New York Mellon, London Branch, as fiscal agent (the "**Fiscal Agent**") and transfer agent (the "**Transfer Agent**"), The Bank of New York Mellon, New York as US registrar (the "**US Registrar**") and US paying agent (the "**US Paying Agent**"), The Bank of New York Mellon (Luxembourg) S.A. as European paying agent (the "**European Paying Agent**", and together with the US Paying Agent, the "**Paying Agents**," and each individually, a "**Paying Agent**") and European registrar (the "**European Registrar**" and, together with the US Registrar, the "**Registrars**" and, each, a "**Registrar**"). The terms Fiscal Agent, US Registrar, US Paying Agent, European Paying Agent, Transfer Agent, and European Registrar shall include any additional or successor agents appointed in such capacities by the Issuer. The Senior Notes Agency Agreement permits the appointment of other agents, including one or more calculation agents (each, a "**Calculation Agent**") and a currency exchange agent (the "**Exchange Rate Agent**"). Unless otherwise indicated in an applicable Pricing Term Sheet and/or Final Terms, The Bank of New York Mellon will act as Calculation Agent and as Exchange Rate Agent with respect to the Senior Notes. Because the Senior Notes will not be issued pursuant to an indenture, each Senior Noteholder will be responsible for acting independently with respect to certain matters affecting such holder's Senior Notes, including enforcing any covenants contained therein, and responding to any requests for consents or waivers. The term "**Registered Note**" means a Senior Note in registered form.

Any reference herein to "**Senior Noteholders**" shall mean the several persons who are for the time being holders of outstanding Senior Notes (being, the registered owners thereof as reflected in the relevant Registers), except that for so long as any of the Senior Notes are represented by a Global Certificate, each person who is for the time being shown in the records of DTC and/or Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Senior Notes (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) (in which regard any certificate or other document issued by DTC and/or Euroclear and Clearstream, Luxembourg as to the principal amount of such Senior Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by ABN AMRO Bank N.V. and the Fiscal Agent as a holder of such principal amount of such Senior Notes for all purposes other than for the payment of principal, premium (if any) and interest on such Senior Notes, the right to which shall

be vested, as against ABN AMRO Bank N.V. and the Fiscal Agent, solely in the person in whose name the Global Certificate is registered in accordance with and subject to its terms (and the expressions "**Holder**", "**Holder of Senior Notes**" and related expressions shall be construed accordingly).

The Final Terms for this Senior Note is endorsed hereon or attached hereto and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Senior Note. References herein to the "**applicable Final Terms**" are to the Final Terms for this Senior Note. References herein to the "**applicable Pricing Term Sheet**" are to the Pricing Term Sheet for this Senior Note.

As used herein, "**Tranche**" means Senior Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Senior Notes together with any further Tranche or Tranches of Senior Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing and admission to trading) from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Senior Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet are available for viewing at the specified offices of each of the Fiscal Agent, the Registrars and the other Paying Agents and at the registered offices of the Issuer and copies may be obtained from those offices. The Senior Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Senior Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet which are binding on them.

Words and expressions defined in the Senior Notes Agency Agreement or used in the applicable Final Terms and/or Pricing Term Sheet shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

## **1. Form, Denomination and Title**

The Senior Notes are issued in registered form without interest coupons attached and, in the case of definitive Senior Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the specified Form(s).

This Senior Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms and/or Pricing Term Sheet.

The Senior Notes are represented by one or more global registered note certificates (each, a "**Global Certificate**") without receipts, interest coupons or talons. A Global Certificate will be issued to each person in whose name a Global Certificate is for the time being registered in the Register (as defined in this Condition 1), or, in the case of a joint holding, the first named thereof (the "**Registered Holder**"), in respect of its holding. The serial number of each Global Certificate will be recorded in the Register. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the US Registrar or European Registrar (as the case may be) in accordance with the provisions of the Senior Notes Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction, a competent regulatory authority or as required by law or applicable regulations, the Issuer, the Fiscal Agent, the Registrar, any Paying Agent and any Transfer Agent may deem and treat the Registered Holder of any Senior Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but,



in the case of any Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph and to the definition of "Holder of Senior Notes" above.

For so long as DTC, Euroclear, or Clearstream, Luxembourg, as the case may be, or its nominee is the Registered Holder of a Global Certificate, such holder shall (except as otherwise provided by applicable law or regulatory requirements) be treated by the Issuer, the Fiscal Agent, any Paying Agent, the Registrar and any Transfer Agent as the absolute owner of such principal amount of such Senior Notes for the purposes of payment of principal, premium (if any) and interest on the Senior Notes and no person shall be liable for so treating such Registered Holder. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms and/or Pricing Term Sheet.

The Senior Notes are in the minimum denomination specified in the Final Terms and/or Pricing Term Sheet or integral multiples thereof.

## **2. Transfers and Exchange of Senior Notes**

### **(a) *Transfers Generally***

Ownership of beneficial interests in Global Certificates will be evidenced only by, and transfers thereof will be effected only through, records maintained by the relevant clearing system through which such beneficial interests are held and such clearing system's direct and indirect participants. Owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of definitive Senior Notes except in certain limited circumstances, including closure of the relevant clearing system(s). Any registered interests in a Global Certificate (i) may, upon the terms and subject to the conditions set forth in the Senior Notes Agency Agreement, be transferred by the Registered Holder in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms and/or Pricing Term Sheet) upon the surrender of the Senior Notes to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Senior Note will be issued to the transferee and, in the case of a transfer of part only of a Senior Note, a new Senior Note in respect of the balance not transferred will be issued to the transferor and (ii) will be transferable only in accordance with the rules and procedures for the time being as in effect from time to time of DTC, Euroclear and/or Clearstream, Luxembourg or such other applicable clearing system as the case may be.

### **(b) *Exchange and Transfer of Definitive Senior Notes***

#### **(i) *Exchange for Definitive Senior Notes***

Unless otherwise provided in the applicable Pricing Term Sheet and/or Final Terms, beneficial interests in a Global Certificate will be exchangeable by the Issuer in whole but not in part only at the option of the Registered Holder for definitive Senior Notes, only if such exchange is permitted by applicable law and (i) in the case of a DTC Global Certificate, DTC notifies the Issuer that it is unwilling or unable to continue as depository for the DTC Global Certificate or DTC ceases to be a clearing agency registered under the United States Securities Exchange Act of 1934, as amended, if so required by applicable law or regulation, and, in either case, a successor depository is not appointed by the Issuer within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, (ii) in the case of any other Global Certificate, if the clearing system(s) through which it is cleared and settled is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to cease business permanently or does in fact do so and a successor or successors is or

are not appointed by the Issuer within 90 days from the commencement of such closure, announcement or cessation of business, or (iii) upon an Event of Default as described in Condition 9 (*Events of Default*).

(ii) *Transfers of Definitive Senior Notes*

Subject to paragraphs (iii), (iv) and (v) below, a definitive Senior Note may be transferred upon surrender of the definitive Senior Note, with the endorsed form of transfer duly completed (or another form of transfer in substantially the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), at the specified office of the Relevant Registrar or any Paying Agent, together with such evidence as the Relevant Registrar or (as the case may be) such Paying Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the definitive Senior Notes represented by the surrendered definitive Senior Notes are the subject of the transfer, a new definitive Senior Note in respect of the balance of the definitive Senior Notes will be issued to the transferor.

(iii) *Registration and delivery of Definitive Senior Notes*

Within five business days of the surrender of a definitive Senior Note and receipt of the form of transfer or duly signed and completed notice of exercise (an "**Exercise Notice**") in accordance with paragraph (ii) above, the Relevant Registrar will register the transfer in question and deliver a new definitive Senior Note of a like principal amount to the definitive Senior Notes transferred to each transferee at its specified office or (as the case may be) the specified office of any Paying Agent or (at the request and risk of any such relevant transferee) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such transferee. In this paragraph (iii), "business day" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Relevant Registrar or (as the case may be) the relevant Transfer Agent has its specified office. Title to such definitive Senior Note passes by registration, as evidenced by entries in the applicable Register.

(iv) *No charge*

The transfer of a definitive Senior Note will be effected without charge by or on behalf of the Issuer, the Relevant Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other governmental charges of whatsoever nature which may be levied or imposed in connection with such transfer.

(v) *Closed periods*

Neither transferors nor transferees may require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(vi) *Regulations concerning transfers and registration*

All transfers of definitive Senior Notes and entries on the Register are subject to the detailed regulations concerning the transfer of definitive Senior Notes scheduled to the Senior Notes Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Relevant Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

**(c) Exchange Between Regulation S Global Certificates and Rule 144A Global Certificates**

Beneficial interests in a Regulation S Global Certificate may be transferred to a person who wishes to hold a beneficial interest in a Rule 144A Global Certificate only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor (in the form set out in the Senior Notes Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Beneficial interests in a Rule 144A Global Certificate may also be transferred to a person who wishes to hold a beneficial interest through a Regulation S Global Certificate, but only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or with Rule 144A (if available) under the Securities Act.

Any beneficial interest in either a Rule 144A Global Certificate or a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Certificate will, upon transfer, cease to be a beneficial interest in such Global Certificate and become a beneficial interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Certificate.

**3. Status of Senior Notes**

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

**4. Interest**

Senior Notes may be interest-bearing or non interest-bearing, as specified in the Final Terms and/or Pricing Term Sheet. Interest-bearing Senior Notes shall be Fixed Rate Notes or Floating Rate Notes.

**(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date.

As used in the Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

The amount of interest payable in respect of each Senior Note for any Fixed Interest Period shall be the relevant Fixed Coupon Amount (or, in respect of the Fixed Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the Final Terms) and, if the Senior Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

If a Business Day Convention is specified in the applicable Pricing Term Sheet and/or Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (2) 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
- (3) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

If a Business Day Convention is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days for calculating the amount of interest payable in respect of the relevant Fixed Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms and/or Pricing Term Sheet, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms and/or Pricing Term Sheet.

In this Condition, "**Business Day**" means, unless otherwise specified in the applicable Final Terms and/or Pricing Term Sheet, a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Center specified in the applicable Pricing Term Sheet and/or Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than London and any Additional Business Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System (or any successor thereto) is open "**TARGET2 Day**". In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

If interest is required to be calculated for a period other than a Fixed Interest Period or no Fixed Coupon Amount is specified in the applicable Pricing Term Sheet and/or Final Terms, such interest shall be calculated by applying the Rate of Interest to the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Certificate and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Term Sheet and/or Final Terms:
  - (a) in the case of Senior Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; or
  - (b) in the case of Senior Notes where the Accrual Period is longer than the Determination Period, the sum of:
    - (1) the actual number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (ii) if "30/360" is specified in the applicable Pricing Term Sheet and/or Final Terms, the number of days in the Determination Period in respect of which payment is being made divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Accrual Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; and

- (iii) if "Actual/Actual (ISDA)" is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 365 (or, if any portion of that Fixed Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion

of the Fixed Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Interest Period falling in a non-leap year divided by 365); and

- (iv) if "Actual/365 (Fixed)" is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 365; and
- (v) if "Actual/360" is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 360; and
- (vi) if "30E/360" is specified in the applicable Pricing Term Sheet and/or Final Terms, the number of days in the Fixed Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Fixed Interest Period unless, in the case of a Fixed Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).
- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Fixed Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

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

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

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

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

"D1" is the first calendar day, expressed as a number, of the Fixed Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

In these Conditions:

**"Determination Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and with respect to Euro, means one cent.

**(b) Interest on Floating Rate Notes**

**(i) Interest Payment Dates**

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Term Sheet and/or Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Term Sheet and/or Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls on the number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Term Sheet and/or Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such First Interest Payment Date or Specified Interest Payment Date, as the case may be (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or Final Terms after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would

thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

If a Business Day Convention is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days for calculating the amount of interest payable in respect of the relevant Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms and/or Pricing Term Sheet, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms and/or Pricing Term Sheet.

In this Condition, "**Business Day**" means, unless otherwise specified in the applicable Final Terms and/or Pricing Term Sheet, a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Center specified in the applicable Pricing Term Sheet and/or Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than London and any Additional Business Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System (or any successor thereto) is open "**TARGET2 Day**". In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms on the following basis:

- (A) ISDA Determination

Where ISDA Determination is specified in the applicable Pricing Term Sheet and/or Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the sum of the relevant ISDA Rate and the Margin (if any). For the purposes of this subparagraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA



Definitions, as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Senior Notes (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms and/or Pricing Term Sheet;
- (2) the Designated Maturity is the period specified in the applicable Final Terms and/or Pricing Term Sheet; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") for a currency or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Term Sheet and/or Final Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 4(b)(iv) (*Determination of Rate of Interest and Calculation of Interest Amounts*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Reference Rate Determination

The rate of Interest on Floating Rate Notes will be determined by reference to the applicable Interest Basis, which may, as described below, include:

- (1) the CD Rate;
- (2) the CMT Rate;
- (3) the Commercial Paper Rate;
- (4) the Eleventh District Cost of Funds Rate;
- (5) EURIBOR;
- (6) the Federal Funds Rate;
- (7) LIBOR;
- (8) the Prime Rate; or
- (9) the Treasury Rate

as specified in the applicable Pricing Term Sheet and/or Final Terms.

The Calculation Agent shall determine each Interest Basis in accordance with the following provisions:

(1) *CD Rate*

If "CD Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the interest rate (calculated with reference to the CD Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**CD Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CD Rate (a "**CD Rate Interest Determination Date**"), the rate on such date for negotiable US dollar certificates of deposit having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) (as defined below) opposite the caption "CDs (secondary market)" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such CD Rate Interest Determination Date for negotiable US dollar certificates of deposit of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update (as defined below), or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption "CDs (secondary market)". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable US dollar certificates of deposit in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for negotiable US dollar certificates of deposit of major United States money banks with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, in an amount that is representative for a single transaction in that market at that time; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined as of such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

"**H.15(519)**" means the weekly statistical release published by the Board of Governors of the Federal Reserve System and available on their website at [www.federalreserve.gov/releases/h15/update/h15upd.htm](http://www.federalreserve.gov/releases/h15/update/h15upd.htm), or any successor site or publication.

"**H.15 Daily Update**" means the daily update of H.15(519), published by the Board of Governors of the Federal Reserve System and available on their website at [www.federalreserve.gov/releases/h15/update/h15upd.htm](http://www.federalreserve.gov/releases/h15/update/h15upd.htm), or any successor site or publication.

(2) *CMT Rate*

If "CMT Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the CMT Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**CMT Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CMT Rate (a "**CMT Rate Interest Determination Date**"),

- (i) if "Reuters Page FRBCMT" (as defined below) is specified as Relevant Screen Page in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:
  - (a) the percentage equal to the yield for United States Treasury securities at "constant maturity" having the Designated CMT Maturity Index specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "Treasury constant maturities", as the yield is displayed on Reuters (or any successor service) ("**Reuters**") on page FRBCMT (or any other page as may replace such page on such service) ("**Reuters Page FRBCMT**"), on the particular CMT Rate Interest Determination Date, or
  - (b) if the rate referred to in clause (a) does not so appear on the Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index and for the particular CMT Rate Interest Determination Date as published in H.15(519) opposite the caption "Treasury constant maturities", or
  - (c) if the rate referred to in clause (b) does not so appear in H.15(519), the rate on the particular CMT Rate Interest Determination Date for the period of the particular Designated CMT Maturity Index as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519), or
  - (d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York

(which may include the Agents or their affiliates) (each, a "**Reference Dealer**"), selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or

- (e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or
- (f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or
- (g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or
- (h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on the particular CMT Rate Interest Determination Date, or
- (i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated

CMT Maturity Index, the quotes for the Treasury security with the shorter original term to maturity will be used.

- (ii) if "Reuters Page FEDCMT" (as defined below) is specified as Relevant Screen Page in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:
- (a) the percentage equal to the one week or one month, as specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, average yield for United States Treasury securities at "constant maturity" having the Designated CMT Maturity Index, as published in H.15(519) opposite the caption "Treasury constant maturities", as the yield is displayed on Reuters on page FEDCMT (or any other page as may replace such page on such service) ("**Reuters Page FEDCMT**"), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls, or
  - (b) if the rate referred to in clause (a) does not so appear on the Reuters Page FEDCMT, the percentage equal to the one week or one month, as applicable, average yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as published in H.15(519) opposite the caption "Treasury constant maturities," or
  - (c) if the rate referred to in clause (b) does not so appear in H.15(519), the one week or one month, as applicable, average yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls, or
  - (d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount

that is representative for a single transaction in such securities in that market at that time, or

- (e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or
- (f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in the securities in that market at the time, or
- (g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or
- (h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that CMT Rate Interest Determination Date, or
- (i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated CMT Maturity Index, the quotes for the United States Treasury security with the shorter original term to maturity will be used.

**"Designated CMT Maturity Index"** means the original period to maturity of the US Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the Pricing Term Sheet and/or Final Terms, as the case may be, with respect to which the CMT Rate will be calculated.

(3) *Commercial Paper Rate*

If the "Commercial Paper Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Commercial Paper Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Commercial Paper Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Commercial Paper Rate (a "**Commercial Paper Rate Interest Determination Date**"), the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "Commercial Paper—Nonfinancial" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Money Market Yield on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper—Nonfinancial". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of US dollar commercial paper in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, placed for industrial issuers whose bond rating is "Aa", or the equivalent, from a nationally recognized statistical rating organization; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

"**Money Market Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

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

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

(4) *Eleventh District Cost of Funds Rate*

If the "Eleventh District Cost of Funds Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Eleventh District Cost of Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Eleventh District Cost of Funds Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Eleventh District Cost of Funds Rate (an "**Eleventh District Cost of Funds Rate Interest Determination Date**"), the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost of Funds Rate Interest Determination Date falls as set forth opposite the caption "11TH Dist COFI" on the display on Reuters (or any successor service) on page "COFI/ARMS" (or any other page as may replace such page on such service) ("**Reuters Page COFI/ARMS**") as of 11:00 A.M., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on the Reuters Page COFI/ARMS on such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate on such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "**Index**") by the Federal Home Loan Bank ("**FHLB**") of San Francisco as such cost of funds for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date. If the FHLB of San Francisco fails to announce the Index on or prior to such Eleventh District Cost of Funds Rate Interest Determination Date for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date will be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

(5) *EURIBOR*

If "EURIBOR" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to EURIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**EURIBOR**" means the rate determined in accordance with the following provisions:

- (i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to EURIBOR (a "**EURIBOR Interest Determination Date**"), EURIBOR



will be the rate for deposits in Euro as sponsored, calculated and published jointly by the European Banking Federation and ACI The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity as specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on Reuters on page EURIBOR01 (or any other page as may replace such page on such service) ("**Reuters Page EURIBOR01**") as of 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date; or if no such rate so appears, EURIBOR on such EURIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

- (ii) With respect to a EURIBOR Interest Determination Date on which no rate appears on the Reuters Page EURIBOR01 as specified in Clause (i) above, the Calculation Agent will request the principal Euro zone office of each of four major reference banks (which may include the Agents or their affiliates) in the Euro zone interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in Euro for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the Euro zone interbank market at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date and in a principal amount not less than the equivalent of US\$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time. If at least two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of such quotations.
- (iii) If fewer than two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date by four major banks (which may include the Agents or their affiliates) in the Euro zone selected by the Calculation Agent for loans in Euro to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on that Interest Reset Date and in a principal amount not less than the equivalent of US\$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time.
- (iv) If the banks so selected by the Calculation Agent are not quoting as mentioned in the preceding sentence, EURIBOR determined as of such EURIBOR Interest Determination Date will be EURIBOR in effect on such EURIBOR Interest Determination Date.

**"Euro zone"** means the region comprised of member states of the European Union that have adopted the single currency in accordance with the Treaty on European Union signed at Maastricht on February 7, 1992.

(6) *Federal Funds Rate*

If "Federal Funds Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Federal Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Federal Funds Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Federal Funds Rate (a "Federal Funds Rate Interest Determination Date"),

- (i) if "Federal Funds (Effective) Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the Federal Funds Rate Interest Determination Date shall be the rate with respect to such date for US dollar federal funds as published in H.15(519) opposite the heading "Federal funds (effective)" and that appears on Reuters on page FEDFUNDS1 (or any other page as may replace such page on such service) ("**Reuters Page FEDFUNDS1**") under the heading "EFFECT" or, if such rate is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate with respect to such Federal Funds Rate Interest Determination Date for US dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption "Federal funds (effective)". If such rate does not appear on Reuters Page FEDFUNDS 1 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate with respect to such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight US dollar federal funds arranged by three leading brokers of US dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on the Business Day following such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;
- (ii) if "Federal Funds Open Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable Federal Funds Rate Interest Determination Date shall be the rate on such date under the heading "Federal Funds" for the relevant Index Maturity and opposite the caption "Open" as such rate is displayed on Reuters on page 5 (or any other page as may replace such page on such service) ("**Reuters Page 5**"), or, if such rate does not appear on Reuters Page 5 by 3:00 P.M., New York

City time, on the Calculation Date, the Federal Funds Rate for the Federal Funds Rate Interest Determination Date will be the rate for that day displayed on the FFPREBON Index page on Bloomberg L.P. ("**Bloomberg**"), which is the Fed Funds Opening Rate as reported by Prebon Yamane (or a successor) on Bloomberg. If such rate does not appear on Reuters Page 5 or is not displayed on the FFPREBON Index page on Bloomberg or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight US Dollar federal funds arranged by three leading brokers of US Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;

- (iii) if "Federal Funds Target Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable Federal Funds Rate Interest Determination Date shall be the rate on such date as displayed on the FDTR Index page on Bloomberg. If such rate does not appear on the FDTR Index page on Bloomberg by 3:00 P.M., New York City time, on the Calculation Date, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date will be the rate for that day appearing on Reuters on page USFFTARGET= (or any other page as may replace such page on such service) ("**Reuters Page USFFTARGET=**"). If such rate does not appear on the FDTR Index page on Bloomberg or is not displayed on Reuters Page USFFTARGET= by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight US Dollar federal funds arranged by three leading brokers of US Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

(7) *LIBOR*

If "LIBOR" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to

LIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**LIBOR**" means the rate determined in accordance with the following provisions:

- (i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to LIBOR (a "**LIBOR Interest Determination Date**"), LIBOR will be the rate for deposits in the Designated LIBOR Currency for the Interest Period(s) or Interest Reset Period(s) of the Index Maturity specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on the Designated LIBOR Page (as defined below) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, or if no such rate so appears, LIBOR on such LIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.
- (ii) With respect to a LIBOR Interest Determination Date on which no rate appears on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent will request the principal London offices of each of four major reference banks (which may include the Agents or their affiliates) in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks (which may include the Agents or their affiliates) in such Principal Financial Center selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the related Interest Reset Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

**"Designated LIBOR Currency"** means the currency specified as Index Currency in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as to which LIBOR shall be calculated or, if no such currency is specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, US dollars.

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

**"London Banking Day"** is any day (other than a Saturday or Sunday) in which dealings in deposits in United States dollars are transacted or, with respect to any future date, are expected to be transacted in the London interbank market.

**"Principal Financial Center"** means (i) the capital city of the country issuing the Specified Currency, or (ii) the capital city of the country to which the Designated LIBOR Currency, if applicable, relates, except, in each case, that with respect to US Dollars, Australian Dollars, Canadian Dollars, Euro, New Zealand Dollars, South African Rand and Swiss Francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, The City of London (solely in the case of the Designated LIBOR Currency), Wellington, Johannesburg and Zurich, respectively.

(8) *Prime Rate*

If "Prime Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Prime Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, **"Prime Rate"** means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Prime Rate (a **"Prime Rate Interest Determination Date"**), the rate on such date as such rate is published in H.15(519) opposite the caption "Bank prime loan" or, if not published prior to 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption "Bank Prime Loan". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean, as determined by the Calculation Agent, of the rates of interest publicly announced by each bank that appears on Reuters on page USPRIME1 (or any other page as may replace such page on such service for the purpose of displaying prime rates or base lending rates of major United States banks ("**Reuters Page USPRIME1**")) as such bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest

Determination Date. If fewer than four such rates so appear on Reuters Page USPRIME1 for such Prime Rate Interest Determination Date by 3:00 P.M., New York City time on the related Calculation Date, then the Prime Rate shall be the arithmetic mean calculated by the Calculation Agent of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360 day year as of the close of business on such Prime Rate Interest Determination Date by three major banks (which may include the Agents or their affiliates) in New York City selected by the Calculation Agent; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date or, if no Prime Rate was in effect on such Prime Rate Interest Determination Date, the rate on such Floating Rate Note for the following Interest Reset Period shall be the Initial Interest Rate.

(9) *Treasury Rate*

If "Treasury Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Treasury Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Treasury Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined by reference to the Treasury Rate (a "**Treasury Rate Interest Determination Date**"), the rate from the auction held on such Treasury Rate Interest Determination Date (the "**Auction**") of direct obligations of the United States ("**Treasury Bills**") having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, under the caption "INVEST RATE" on the display on Reuters or any successor service on page USAUCTION 10 (or any other page as may replace such page on such service) ("**Reuters Page USAUCTION 10**") or page USAUCTION 11 (or any other page as may replace such page on such service) ("**Reuters Page USAUCTION 11**") or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined below) of the auction rate of such Treasury Bills as announced by the US Department of the Treasury. In the event that the auction rate of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, is not so announced by the US Department of the Treasury, or if no such Auction is held, then the Treasury Rate will be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "US government securities/Treasury bills/secondary market" or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "US government securities/Treasury bills/secondary market". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00

P.M., New York City time, on the related Calculation Date, then the Treasury Rate will be calculated by the Calculation Agent and will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary US government securities dealers (which may include the Agents or their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

"**Bond Equivalent Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

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

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

(iii) *Minimum and/or Maximum Rate of Interest*

If the applicable Pricing Term Sheet and/or Final Terms specifies a Minimum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be less than such Minimum Rate of Interest and/or if it specifies a Maximum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be greater than such Maximum Rate of Interest.

Unless otherwise stated in the applicable Final Terms and/or Pricing Term Sheet, the Minimum Rate of Interest shall be deemed to be zero.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to in the case of Floating Rate Notes, the aggregate outstanding nominal amount of the Senior Notes represented by such Global Certificate and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (a) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if "Actual/365 (Fixed)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period in respect of which payment is being made divided by 365;
- (c) if "Actual/360" is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period in respect of which payment is being made divided by 360;
- (d) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;



- (e) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (f) if "30E/360 (ISDA)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(v) *Notification of Rate of Interest and Interest Amount*

The Fiscal Agent or, if applicable, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth Amsterdam Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Senior Noteholders in accordance with Condition 12 (*Notices*). For the purposes of this paragraph (v), 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 Condition 4(b), whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the Calculation Agent (if applicable), the other Paying Agents and all Senior Noteholders and (in the absence as aforesaid) no liability to the Issuer or the Senior Noteholders shall attach to the Fiscal Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Foreign Currency Senior Notes*

In the case of Foreign Currency Senior Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms.

**(d) Accrual of Interest**

Each Senior Note (or in the case of the redemption of part only of a Senior Note, that part only of such Senior Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Senior Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Senior Noteholders in accordance with Condition 12 (*Notices*) or individually.

**5. Payments**

**(a) Principal, Interest and Record Date**

Payment of the principal of and any premium or interest on Senior Notes, other than Foreign Currency Senior Notes with respect to which a Specified Currency payment election has been made, will be made to the registered holders thereof at the office of the US Paying Agent or, if applicable, the European Paying Agent, or such other office or agency of the Issuer maintained by it for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of the principal of and any premium and interest on such Senior Notes due at Maturity will be made to the registered holders thereof in immediately available funds at such office or such other offices or agencies if such Senior Notes are presented to the applicable Paying Agent or any other paying agent in time for the applicable Paying Agent or such other paying agent to make such payments in accordance with its normal procedures; and, provided, further, that at the option of the Issuer, payment of interest, other than interest payable at Maturity, may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Register unless that address is in the Issuer's country of incorporation or, if different, country of tax residence; and, provided, further, that notwithstanding the foregoing a registered holder of US\$5,000,000 or more in aggregate principal amount of such Senior Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at Maturity, by wire transfer of immediately available funds to an account at a bank located in The City of New York (or other location consented to by such Issuer) if appropriate wire transfer instructions have been received by the applicable Paying Agent or any other paying agent in writing not less than 15 calendar days prior to the applicable Interest Payment Date.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, payments of principal of and any premium and interest on Foreign Currency Senior Notes will be made in US dollars unless the holder thereof elects to receive such payments in the Specified Currency as described below.

Any US dollar amount to be received by a holder of a Foreign Currency Senior Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day with respect to such Senior Note preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) for the purchase by the quoting dealer of the Specified Currency for US dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all holders of Foreign Currency Senior Notes scheduled to receive US dollar payments and at which the applicable dealer commits to execute a contract. If such bid quotations are not available, payments will be made in

the Specified Currency. All currency exchange costs will be borne by the holder of the Foreign Currency Senior Notes by deductions from such payments.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, a holder of a Foreign Currency Senior Notes may elect to receive payment of the principal of and any premium and interest on such Senior Note in the Specified Currency by transmitting a written request for such payment to the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be. Such request, which must include the wire transfer instructions referred to below, may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. A holder of a Foreign Currency Senior Note may elect to receive payment in the Specified Currency for all principal and any premium and interest payments and need not file a separate election for each payment. All costs associated with such currency exchange will be paid by the holder. Such election will remain in effect until revoked by written notice to the applicable Paying Agent, but written notice of any such revocation must be received by the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be.

The payment of principal of and any premium or interest on Foreign Currency Senior Notes paid in the Specified Currency other than at Maturity will be made by check drawn upon a bank office located outside the United States, and any such payments due at Maturity will be made by wire transfer of immediately available funds to an account maintained by the Holder with a bank office located in the country which issued the Specified Currency upon presentation of such Senior Notes to the applicable Paying Agent or any other paying agent in time for such wire transfer to be made by the applicable Paying Agent or such other paying agent in accordance with its normal procedures.

If a Specified Currency is not available for the payment of principal or any premium or interest with respect to a Foreign Currency Senior Note due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to holders of Foreign Currency Senior Notes by making such payment in US dollars on the basis of the market exchange rate on the second Market Day prior to the date of such payment, or if such market exchange rate is not then available, on the basis of the most recently available market exchange rate.

Each payment in respect of a Registered Note in definitive form will be made to the person shown as the Registered Holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (in respect of such Senior Notes, the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Registered Holder in the Register at the opening of business on the relevant Record Date. Each payment in respect of a Registered Note in global form will be made to the person shown as the Registered Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (in respect of such Senior Notes, the "**Record Date**"), where "**Clearing System Business Day**" means a day on which each clearing system for which the Relevant Global Certificate is being held is open for business.

**(b) Payment Day**

If the date for payment of any amount in respect of any Senior Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes (unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms), "**Payment Day**" means any day which (subject to Condition 5 (*Payments*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) any Additional Business Center specified in the applicable Final Terms and/or Pricing Term Sheet; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than the place of presentation and any Financial Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

(c) ***Interpretation of Principal and Interest***

Any reference in these Terms and Conditions to principal or nominal amount in respect of the Senior Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);
- (ii) the Final Redemption Amount of the Senior Notes;
- (iii) the Early Redemption Amount of the Senior Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Senior Notes;
- (vi) in relation to Zero Coupon Notes, the Amortized Face Amount (as defined below); and
- (vii) any premium and any other amounts (other than accrued interest) which may be payable by the Issuer under or in respect of the Senior Notes.

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

**6. Redemption and Purchase**

(a) ***Redemption at Maturity***

Unless previously redeemed or purchased and cancelled as specified below, each Senior Note will be redeemed by the Issuer at its Final Redemption Amount (together with any accrued interest) specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms in the relevant Specified Currency on the Maturity Date or the Interest Payment Date falling in the Redemption Month (as defined and specified in the applicable Final Terms).

**(b) Redemption for Tax Reasons**

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, Senior Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Senior Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Senior Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) if, on the occasion of the next payment due under the Senior Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Senior Notes; provided, however, that (1) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts in respect of the Senior Notes were a payment in respect of the Senior Notes then due (2) at the time such notice of redemption is given, such obligation to pay such additional amounts remains in effect and (3) any election by the Issuer to make any withholding pursuant to Condition 7(a) (*Taxation*) shall not prevent the Issuer from giving such notice.

Each Senior Note redeemed pursuant to this Condition 6(b) will be redeemed at its Early Redemption Amount referred to in Condition 6(e) (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**(c) Redemption at the Option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Pricing Term Sheet and/or Final Terms, the Issuer may at its option, and, subject as provided in Condition 6(e) (*Early Redemption Amounts*) below and having given:

- (i) not less than 30 nor more than 60 days' notice to the Senior Noteholders in accordance with Condition 12 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal Agent, both of which notices shall be irrevocable),

redeem all or some only of the Senior Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms and/or Pricing Term Sheet together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

All notices of redemption shall identify the Senior Notes to be redeemed (including CUSIP, Common Code and ISIN numbers), the date fixed for redemption, the redemption price, the manner in which redemption will be effected and, in the case of a partial redemption, the serial numbers (and principal amounts) of the Senior Notes to be redeemed.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not higher than the Maximum Redemption Amount, both as indicated (if at all) in the applicable Pricing Term Sheet and/or Final Terms. In the case of a partial redemption of Senior Notes, the Senior Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Senior Notes, and in accordance with the rules of DTC or, if applicable, Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands (to be reflected in the records of DTC

or Euroclear and Clearstream, Luxembourg (as applicable) as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Certificate, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Senior Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Certificate will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 6(c) and notice to that effect shall be given by the Issuer to the Senior Noteholders in accordance with Condition 12 (*Notices*) at least 5 days prior to the Selection Date.

If Senior Notes are to be redeemed in part only on any date in accordance with this Condition 6(c), then:

- (i) if the Senior Notes are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, each Registered Note shall be redeemed in part in compliance with the requirements of the listing authority, stock exchange and/or quotation system on or by which the Registered Notes are so admitted to listing, trading and/or quotation; or
- (ii) if the Senior Notes are not admitted to listing trading and/or quotation on any listing authority, stock exchange and/or quotation system or if the relevant listing authority, stock exchange and/or quotation system has no requirement in that regard each Senior Note shall be redeemed in part in the proportion which the aggregate nominal amount of the outstanding Senior Notes to be redeemed on the date fixed for such redemption bears to the aggregate nominal amount of outstanding Senior Notes on such date.

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

If Investor Put is specified in the applicable Pricing Term Sheet and/or Final Terms, upon the holder of any Senior Note giving to the Issuer in accordance with Condition 12 (*Notices*) not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms and/or Pricing Term Sheet (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms and/or Pricing Term Sheet, in whole (but not in part), such Senior Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Term Sheet and/or Final Terms.

To exercise the right to require redemption of this Senior Note its holder must, if this Senior Note is in definitive form and held outside DTC or, if applicable, Euroclear and Clearstream, Luxembourg, deliver at the specified office of the Registrar at any time during normal business hours of such Registrar falling within the notice period, a duly signed and completed Exercise Notice in the form (for the time being current) obtainable from any specified office of the Registrar (a "**Put Notice**").

If this Senior Note is represented by a Global Certificate or is in definitive form and held through DTC or, if applicable, Euroclear or Clearstream, Luxembourg to exercise the right to require redemption of this Senior Note the holder of this Senior Note must, within the notice period, give notice to the Registrar of such exercise in accordance with the standard procedures of DTC or, if applicable, Euroclear and Clearstream, Luxembourg in a form acceptable to DTC, or if applicable, Euroclear and Clearstream, Luxembourg.

(e) **Early Redemption Amounts**

For the purpose of Conditions 6(b) (*Redemption for Tax Reasons*), 6(c) (*Redemption at the Option of the Issuer (Issuer Call)*) and 6(d) (*Redemption of Senior Notes at the Option of the Senior Noteholders (Investor Put)*) above and Condition 9 (*Events of Default*), each Senior Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Senior Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Zero Coupon Note, at an amount (the "**Amortized Face Amount**") equal to the product of:
  - (A) the Reference Price specified in the Final Terms and/or the Pricing Term Sheet; and
  - (B) the sum of the figure 1 and the Accrual Yield specified in the Final Terms and/or the Pricing Term Sheet, raised to the power of  $x$ , where " $x$ " is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Senior Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Senior Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the applicable Final Terms and/or Pricing Term Sheet; and
  - (C) if the amount payable with respect to any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6(b) (*Redemption for Tax Reasons*) above or upon its becoming due and repayable as provided in Condition 9 (*Events of Default*) is not paid or available for payment when due, the amount due and repayable with respect to such Zero Coupon Note shall be the Amortized Face Amount of such Zero Coupon Note calculated as provided above as though the references in sub-paragraph (B) above to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date (the "**Reference Date**") which is the earlier of:
    - (1) the date on which all amounts due with respect to the Senior Note have been paid; and
    - (2) the date on which the full amount of the monies repayable has been received by the Agent and notice to that effect has been given in accordance with Condition 12 (*Notices*).

The calculation of the Amortized Face Amount in accordance with this sub-paragraph (C) will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the principal amount of such Senior Note together with interest at a rate per annum equal to the Accrual Yield.

Where any such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed; or



- (iii) in the case of a Senior Note with a Final Redemption Amount greater or lesser than the Issue Price, at either par or the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms or, if no such amount or manner is so specified in the Pricing Term Sheet and/or Final Terms, at their nominal amount.

**(f) Purchases**

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

**(g) Cancellation**

All Senior Notes which are redeemed will forthwith be cancelled. All Senior Notes so cancelled and the Senior Notes purchased and cancelled pursuant to Condition 6(f) (*Purchases*) above shall be forwarded to the Agent and cannot be re-issued or resold.

**7. Taxation**

All payments of principal and interest in respect of the Senior Notes by the Issuer will be made free and clear and without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will, depending on which provision is specified in the applicable Pricing Term Sheet and/or Final Terms, either:

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Senior Notes and shall not pay any additional amounts to the holders of the Senior Notes; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Senior Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Senior Notes as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Senior Note:
  - (i) presented for payment by or on behalf of a Senior Noteholder who is liable for such taxes or duties in respect of such Senior Note by reason of his having some connection with The Netherlands other than the mere holding of such Senior Note, or the receipt of principal or interest in respect thereof; or
  - (ii) presented for payment by or on behalf of a Senior Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
  - (iii) presented for payment by or on behalf of a Senior Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Senior Note, to another Paying Agent in a Member State of the European Union; or
  - (iv) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional

amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(b) (*Payment Day*)); or

- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

The Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA Withholding**") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA Withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, the paying agent or any other party.

As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Senior Noteholders in accordance with Condition 12 (*Notices*).

## **8. Prescription**

The Senior Notes will become void unless claims in respect of principal and/or interest are made within a period of five years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

## **9. Events of Default**

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

- (i) default in the payment of principal when due unless otherwise specified in the Final Terms and/or Pricing Term Sheet; or
- (ii) default is made for more than 30 days in the payment of interest in respect of the Senior Notes of the relevant series; or
- (iii) the Issuer fails to perform or observe or comply with any of its other obligations under the Senior Notes and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iv) the Issuer is declared bankrupt, or a declaration in respect of the Issuer is made under article 3:163(1)(b) of the Wft; or

- (v) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Senior Notes,

then any Senior Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare the Senior Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 6(e) (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

## **10. Replacement of Senior Notes**

Should any Senior Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Senior Notes must be surrendered before replacements will be issued.

## **11. Agent and Paying Agents**

The names of the initial Fiscal Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Senior Notes are listed on any stock exchange, there will at all times be a Paying Agent and a Registrar with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (iii) there will at all times be a Fiscal Agent and a Registrar; and
- (iv) save to the extent satisfied by (i) above or (ii) above, there will at all times be a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(a) (*Principal, Interest and Record Date*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Senior Noteholders in accordance with Condition 12 (*Notices*).

## **12. Notices**

Notices shall be given in accordance with any applicable rule or regulation or decree by a governmental body and the rules and customary procedures of the stock exchange or applicable clearing system specified in the applicable Final Terms and/or Pricing Term Sheet and need not be given by mail unless required by the rules of the stock exchange or applicable clearing system.

Notices given by any Registered Holder shall be in writing and given by lodging the same with the Registrar at its specified office.

## **13. Amendment and Waiver**

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

- (a) any modification of the Senior Notes Agency Agreement which is in the Issuer's opinion not materially prejudicial to the interests of the Senior Noteholders; or
- (b) any modification of the Senior Notes or the Senior Notes Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory and/or overriding provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any other amendment of the Senior Notes or the Senior Notes Agency Agreement may be made only with the consent of the Senior Noteholders. The Issuer and the Fiscal Agent, if applicable, may amend the Senior Notes or the Senior Notes Agency Agreement with the written consent of the Holders of at least a majority in principal amount of the Senior Notes then outstanding voting as a single class (including consent obtained in connection with a tender offer or exchange of the Senior Notes); provided however that without the consent of 100% of the then outstanding aggregate principal amount of the Senior Notes, no amendment may:

- (a) reduce the amount of Senior Notes whose holders must consent to an amendment;
- (b) reduce the rate of or extend the time for payment of interest on any Senior Note;
- (c) reduce the principal or extend the Stated Maturity or Redemption Month of any Senior Note;
- (d) reduce the premium or amount payable upon the redemption of any Senior Note or change the time at which any Senior Note may be redeemed in accordance with its terms;
- (e) make any Senior Note payable in currency other than that stated in such Senior Note;
- (f) expressly subordinate any Senior Note to any other indebtedness of the Issuer save as permitted in accordance with its terms;
- (g) impair the right of any Senior Noteholder to receive payment of principal, premium, if any, and interest on such Holder's Senior Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Senior Notes; or
- (h) make any amendment to the Events of Default as described in the Conditions.

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

#### **14. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Senior Noteholders to create and issue further Senior Notes having terms and conditions the same as the Senior Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Senior Notes.

#### **15. Substitution of the Issuer**

(a) The Issuer may, with the consent of the Senior Noteholders which will be deemed to have been given in respect of each Tranche of Senior Notes on which no payment of principal of or interest on any of the Senior Notes is in default, be replaced and substituted by either (A) any directly or indirectly wholly owned subsidiary of the Issuer or (B) ABN AMRO Group N.V. (such substituting entity, the "**Substituted Debtor**") as principal debtor in respect of the Senior Notes provided that:

- (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favor of each Senior Noteholder to be bound by the Terms and Conditions of the Senior Notes and the provisions of the Senior Notes Agency Agreement as fully as if the Substituted Debtor had been named in the Senior Notes, and the Senior Notes Agency Agreement as the principal debtor in respect of the Senior Notes in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favor of each Senior Noteholder the payment of all sums (including any additional amounts payable pursuant to Condition 7 (*Taxation*)) payable in respect of the Senior Notes;
- (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than The Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Senior Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 7 (*Taxation*) with the substitution for the references to The Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to jointly and severally indemnify and hold harmless each Senior Noteholder against all liabilities, costs, charges and expenses, provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition 15 and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Senior Noteholder by any political subdivision or taxing authority of any country in which such Senior Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

- (iii) the Substituted Debtor and the Issuer shall have obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and the Documents shall contain a representation by the Substituted Debtor and the Issuer that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Senior Noteholder;
  - (iv) each stock exchange which has Senior Notes listed thereon or the relevant competent authority relating thereto shall have confirmed that following the proposed substitution of the Substituted Debtor such Senior Notes would continue to be listed on such stock exchange;
  - (v) the Substituted Debtor shall have delivered to the Fiscal Agent or procured the delivery to the Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Senior Noteholders at the specified office of the Fiscal Agent;
  - (vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Senior Noteholders at the specified office of the Fiscal Agent;
  - (vii) the Substituted Debtor shall have appointed an agent for the service of process in accordance with Condition 16(b) (*Jurisdiction*).
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Senior Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Senior Noteholder, except as provided in Condition 15(a)(ii) above, shall be entitled to claim from the Issuer or any Substituted Debtor under the Senior Notes any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) Upon the execution of the Documents as referred to in Condition 15(a) above, and subject to the notice as referred to in Condition 15(e) below having been given, the Substituted Debtor shall be deemed to be named in the Senior Notes as the principal debtor in place of the Issuer and the Senior Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Senior Notes save that any claims under the Senior Notes prior to release shall enure for the benefit of Senior Noteholders.
- (d) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Senior Notes remain outstanding and for so long as any claim made against the Substituted Debtor by any Senior Noteholder in relation to the Senior Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall

acknowledge in the Documents the right of every Senior Noteholder to the production of the Documents for the enforcement of any of the Senior Notes or the Documents.

- (e) Prior to, to the extent reasonably practicable but in any event no later than, 15 Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Senior Noteholders in accordance with Condition 12 (*Notices*).

## **16. Governing Law and Jurisdiction**

### **(a) Governing Law**

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

### **(b) Jurisdiction**

In relation to any legal action or proceedings arising out of or in connection with the Senior Notes or the Senior Notes Agency Agreement, the courts in Amsterdam, The Netherlands and any state or federal court in the Borough of Manhattan, The City New York, New York shall have exclusive jurisdiction.

As a result, the Issuer hereby irrevocably consents and submits to the jurisdiction of any state or federal court in the Borough of Manhattan, The City New York, New York in person, generally and unconditionally with respect to any action, suit or proceeding for itself and in respect of its properties, assets and revenues. The Issuer hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Senior Notes.

The Issuer hereby irrevocably designates, appoints and empowers the New York Representative Office of ABN AMRO Bank N.V. at 565 Fifth Avenue, 25th Floor, New York, NY 10017, United States of America, as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and its properties, assets and revenues, service of any and all legal process, summons, notices and documents that may be served in any action, suit or proceeding brought against it in any such state or federal court in the Borough of Manhattan, The City New York, New York United States, with respect to its obligations, liabilities or any other matter arising out of or in connection with the Senior Notes or any related additional agreement and that may be made on such designee, appointee and agent in accordance with legal procedures prescribed for such courts. If for any reason such designee, appointee and agent hereunder shall cease to be available to act as such, the Issuer agrees to designate a new designee, appointee and agent in the County of New York on the terms and for the purposes of this Condition 16(b) satisfactory to the Fiscal Agent. The Issuer further hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents in any such action, suit or proceeding against it by serving a copy thereof upon the relevant agent for service of process referred to in this Condition 16(b) (whether or not the appointment of such agent shall for any reason prove to be ineffective or such agent shall accept or acknowledge such service) or by mailing copies thereof by registered or certified air mail, postage prepaid, to it at its registered address. The Issuer agrees that the failure of any such designee, appointee and agent to give any notice of such service to it shall not impair or affect in any way the validity of such service or any judgment rendered in any action or proceeding based thereon. Nothing herein shall in any way be deemed to limit the ability of the Senior Noteholders to service any such legal process, summons, notices and documents in any other manner permitted by applicable law. The Issuer hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with the Senior Notes or any related additional agreement brought in the courts in Amsterdam, The Netherlands or any state or federal court in the Borough of

Manhattan, The City New York, New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.



## FORM OF SUBORDINATED NOTES FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Subordinated Notes issued under the Program with a minimum denomination at least US\$200,000 (or its equivalent in another currency) but so that in no event the minimum denomination will be lower than EUR 100,000.*

### FINAL TERMS

**Date:** [•]

**ABN AMRO Bank N.V.**

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

**Issue of [Aggregate [Principal][Nominal] Amount of Tranche] [Title of Subordinated Notes] (the "Notes")**

**under the Program for the issuance of Medium Term Notes**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC), as amended (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Subordinated Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorized, nor do they authorize, the making of any offer of Subordinated Notes in any other circumstances.

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated 28 April 2014 [as supplemented by a supplement dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the Final Terms of the Subordinated Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Subordinated Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [<http://www.abnamro.com/en/investor-relations/debt-investors/index.html>]. Any information contained in or accessible through any website, including [<http://www.abnamro.com/ir>], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]*

1. Issuer: ABN AMRO Bank N.V.
2. (i) Series Number: [●]
- (ii) Tranche Number: [●]
- (iii) Date on which the Notes become fungible: [Not Applicable]
- [The Notes will be consolidated, form a single series and be interchangeable for trading purposes with the *[insert description of the Series]* on *[[insert date]/[the Issue Date]/[, which is expected to occur on or about [insert date] (40 days after the Issue Date of the new Notes)]].*
3. Specified Currency or Currencies [●]
4. Aggregate [Principal][Nominal] Amount:
- (i) Series: [●]
- (ii) Tranche: [●]
5. Issue Price of Tranche: [●]% of the Aggregate [Principal][Nominal] Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
6. (a) Specified Denominations: [●]
- ["144A Global Certificates denominated in US dollars: US\$200,000 and integral multiples of US\$1,000 in excess thereof."]
- ["[EUR100,000] or equivalent and integral multiples of [EUR1,000] or equivalent in excess thereof up to and including [EUR199,000] or equivalent. No Notes in definitive form will be issued with a denomination above [EUR199,000] or equivalent."]
- (b) Calculation Amount [●]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor.)*
7. (i) Issue Date [●]
- (ii) Interest Commencement Date: [Issue Date/Not Applicable/[●]]
8. Maturity Date [or Redemption Month]: [●]

*(Specify Date or (for Floating Rate) Interest Payment Date falling in or nearest to [specify month and year]. Redemption Month should only be used where the term of the Notes is an even number of years from the Issue Date.)*

9. Interest Basis: [[●]% Fixed Rate]  
[+/- [●]% Floating Rate] *(specify particular interest basis)*  
[CD Rate]  
[CMT Rate]  
[Federal Funds Rate]  
[Eleventh District Cost of Funds Rate]  
[Prime Rate]  
[Treasury Rate]  
[Commercial Paper Rate]  
[[●] Month EURIBOR]  
[[●] Month LIBOR]  
  
(further particulars specified in paragraph[s] [15][16] below)
10. Redemption/Payment Basis: [Redemption at par]  
[Redemption at [●]% of [Principal Amount][Notional Amount]]
11. Change of Interest Basis: [Applicable/Not Applicable]  
  
*[Specify the date when any fixed to floating rate change occurs or refer to paragraphs 15 and 16 below and identify there]*
12. Call Options: [Not Applicable]  
[Issuer Call]  
[Regulatory Call]  
[(further particulars specified below)]
13. Status of the Notes: Subordinated Notes
14. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: [From (and including) [●] up to (but excluding) [●]]  
[[●]% per annum] [the aggregate of [●]% and the Mid Swap Rate per annum] [determined by the Agent]

[payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date]

["Mid Swap Rate" means the annual mid swap rate for [Euro/U.S. dollar] swap transactions with a maturity of [●] years, expressed as a percentage, displayed on Reuters screen page [●] (or such other page as may replace that page on Reuters, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at [●] [a.m./p.m.] ([●] time) on the [second/[●]] Business Day prior to [●].]

- (ii) Fixed Interest Period: [●]
- (iii) Interest Payment Date(s): [●] in each year, up to and including the Maturity Date[, in each case subject to adjustment in accordance with the [Following/Modified/Preceding] Business Day Convention[, Unadjusted]]

*(NB: This will need to be amended in the case of long or short coupons)*

- (iv) First Interest Payment Date: [●]
- (v) Fixed Coupon Amount(s): [Not Applicable]  
[[●] per Note of Calculation Amount][[For the avoidance of doubt, the amount of interest payable on the Interest Payment Date shall be the Fixed Coupon Amount or any Broken Amount, if applicable)].
- (vi) Initial/Final Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]

- (vii) Day Count Fraction: [30/360]  
[30E/360]  
[Actual/Actual (ICMA)]  
[Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30E/360 (ISDA)]

- (viii) Determination Date(s): [[●] in each year / Not Applicable]

*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*

*NB: This will need to be amended in the case of regular*

*interest payment dates which are not of equal duration*

*NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*

(ix) Additional Business Center(s): [None/[•]]

**16. Floating Rate Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Interest Period(s): [•]

(ii) Interest Commencement Date: [•]

(iii) Interest Determination Date(s): [•]

*(Second London Banking Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period of Sterling LIBOR and the second day which is also a TARGET2 Day prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

(iv) First Interest Payment Date: [•]

(v) Specified Interest Payment Dates: [[•] in each year, subject to adjustment in accordance with the Business Day Convention set out in (vi) below]

(vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/None]

(vii) Unadjusted [No/Yes/Not applicable]

*(Only applicable in case a Business Day Convention applies. Insert "No" if the amount of interest payable in respect of the relevant Interest Period should also be adjusted in accordance with the applicable Business Day Convention. Insert "Yes" if the amount of interest should be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the applicable Business Day Convention.)*

(viii) Additional Business Center(s): [•]

(ix) Manner in which the Rate of Interest and Interest Amounts is to be determined: [Reference Rate Determination/ISDA Determination]

- (x) Party responsible for calculating the Rate of Interest and Interest Amounts (if not the Calculation Agent): [•]
- (xi) Reference Rate Determination: [Yes/No]
- (If "No", delete the remaining sub-paragraphs of this paragraph (xi))*
- Initial Interest Rate: [•]
  - Index Maturity: [•]
  - Interest Basis or Bases: [CD Rate]  
[CMT Rate]  
[Commercial Paper Rate]  
[Eleventh District Cost of Funds Rate]  
[EURIBOR]  
[Federal Funds Rate]  
[LIBOR]  
[Prime Rate]  
[Treasury Rate]
  - Index Currency: [•]
  - Spread: [+/-][•]% per annum
  - Spread Multiplier: [•]
  - Relevant Screen Page: [Condition 4(b)(ii)(B)][(1)][(2)]  
[(3)][(4)][(5)][(6)][(7)][(8)][(9)] applies/[•]
  - Interest Determination Date(s): [•]
  - Initial Interest Reset Date: [•]
  - Initial Reset Period: [•]
  - Interest Reset Dates: [•]
- (xii) ISDA Determination: [Yes/No]
- (If "No", delete the remaining sub-paragraphs of this paragraph (xii))*
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]

- [- ISDA Definitions: [2000/2006]]
- (xiii) Margin(s): [+/-] [●]% per annum
- (xiv) Minimum Rate of Interest: [●]% per annum
- (xv) Maximum Rate of Interest: [●]% per annum
- (xvi) Day Count Fraction: [Actual/Actual (ISDA)]  
[Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360]  
[360/360]  
[30E/360]  
[30E/360 (ISDA)]
- (xvii) Reference Bank(s) or Dealer(s) [Not Applicable/[●]]  
(if any):

#### PROVISIONS RELATING TO REDEMPTION

- 17. 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) [●] per Calculation Amount  
of each Note:
  - (iii) Party responsible for calculating [●]  
Optional Redemption Amount (if  
not the Fiscal Agent, Calculation  
Agent or Exchange Rate Agent):
  - (iv) If redeemable in part:
    - (a) Minimum Redemption [●]  
Amount:
    - (b) Maximum Redemption [●]  
Amount:
  - (v) Notice period (if other than as set [●] days  
out in the Conditions):
- 18. Final Redemption Amount of each Note: [[●] per Calculation Amount]
  - (i) Payment date (if other than as set [Not Applicable/[●]]  
out in the Conditions):

19. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or upon an event of default or other early redemption (if required or different from that set out in Condition 6(e)): [●] per Calculation Amount
20. Regulatory Call of Subordinated Notes: [Applicable/Not Applicable]
21. Variation or Substitution of Subordinated Notes: [Applicable/Not Applicable]

### GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: [Registered]
- [DTC Regulation S Global Certificate registered in the name of, or nominee of, DTC]
- [Regulation S Global Certificate registered in the name of, or the name of a nominee of, [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]
- [Rule 144A Global Certificate registered in the name of, or the name of a nominee of, DTC]
23. New Safekeeping Structure: [Yes/No]
24. Additional Financial Center(s): [Not Applicable/[●]]
25. [For the purposes of Condition 12, notices to be published in the Financial Times:] [Yes/No]
26. Whether Condition 7(a) of the Notes applies (in which case Condition 6(b) of the Notes will not apply) or whether Condition 7(b) and Condition 6(b) of the Notes apply: [Condition 7(a) applies and Condition 6(b) does not apply/Condition 7(b) and Condition 6(b) apply]
27. Condition 15 of the Notes applies [Yes/No]

### DISTRIBUTION

28. (i) If syndicated, names of Agents: [Not Applicable/[●]]
- (ii) Date of Pricing Term Sheet [●]
- (iii) Stabilizing Manager(s) (if any): [Not Applicable/[●]]



29. If non-syndicated, name of relevant Agent: [Not Applicable/[•]]
30. Eligibility: [Rule 144A only/Reg S only/Rule 144A and Reg S]
31. US Selling Restrictions: [144A/Reg S]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information*] relating to paragraph [•] above 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

### 32. LISTING AND ADMISSION TO TRADING

- (i) Admission to Trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext in Amsterdam/specify relevant regulated market and, if relevant, admission to an official list]] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext in Amsterdam/specify relevant regulated market and, if relevant, admission to an official list] with effect from [●].]

[Not Applicable.]

- (ii) Estimate of total expenses related to admission to trading: [●]

### 33. RATINGS

- Ratings: [[The Notes to be issued [have [not] been/are expected to be] rated[:]]/[The following ratings reflecting ratings assigned to Notes of this type issued under the Program generally:]]

[S & P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

[Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

*[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and [has]/[have each] applied for registration under Regulation (EC) No 1060/2009 (the "CRA Regulation), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority].] [[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation.) [[Insert full legal name of credit rating agency/ies] [is]/[are] not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under Regulation*

(EC) No 1060/2009 (the "CRA Regulation").]

(The above disclosure should reflect the rating allocated to Notes of the type issued under the Program generally or, where the issue has been specifically rated, that rating.)

(A rating does not constitute a recommendation to purchase, sell or hold a particular Note.)

34. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the Agents, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

The Agents and their respective affiliates are full service financial institutions and they may provide or may have in the past provided services to the Issuer in that capacity, and they may hold or make investment recommendations relating to securities or instruments of the Issuer. See "*Plan of Distribution*".

35. **[REASONS FOR THE OFFER**

Reasons for the offer: [●]

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer are different will need to include those reasons here.)]

36. **[YIELD (Fixed Rate Notes only)**

Indication of yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

37. **OPERATIONAL INFORMATION**

(i) CUSIP: Rule 144A: [●]  
[Regulation S: [●]]

(ii) ISIN Code: Rule 144A: [●]  
Regulation S: [●]

(iii) Common Code: Rule 144A: [●]  
Regulation S: [●]

(iv) Any clearing system(s) other [Not Applicable/give name(s) and numbers(s)]

than DTC or Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s):

(v) Delivery: Delivery [against/free of] payment

(vi) Names and addresses of additional Paying Agent(s) (if any): [•]

(vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that the designation "yes" does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

The Notes will be deposited initially upon issue with one of the ICSDs acting as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)].]

[No.

Whilst the designation is specified as "no", should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs acting as common safekeeper[. / (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not mean that the Notes will then be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following are the Terms and Conditions of Subordinated Notes to be issued by the Issuer (each, a "Condition") which will be incorporated by reference into each Global Certificate and the definitive Notes (if any) representing the Subordinated Notes. The applicable Pricing Term Sheet and/or Final Terms in relation to any Tranche of Subordinated Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Subordinated Notes. The applicable Pricing Term Sheet and/or Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Certificate and definitive Note representing the Subordinated Notes. Reference should be made to "Book Entry, Delivery, Form and Settlement" above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Subordinated Note is one of a series of Subordinated Notes issued by ABN AMRO Bank N.V. (in such capacity, the "**Issuer**", which expression shall include any transferee or substituted debtor pursuant to Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*) or Condition 15 (*Substitution of the Issuer*) (if applicable)) pursuant to the Subordinated Notes Agency Agreement (as defined below). References herein to the "**Subordinated Notes**" shall be references to the Subordinated Notes of this Series (as defined below) and shall mean (i) in relation to any Subordinated Notes represented by a Global Certificate, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Subordinated Notes issued in exchange for a Global Certificate and (iii) any Global Certificate. The Subordinated Notes will be issued in accordance with a Subordinated Notes Agency Agreement dated as of 28 April 2014 (as supplemented, amended and/or replaced from time to time, the "**Subordinated Notes Agency Agreement**"), among the Issuer, The Bank of New York Mellon, London Branch, as fiscal agent (the "**Fiscal Agent**") and transfer agent (the "**Transfer Agent**"), The Bank of New York Mellon, New York as US registrar (the "**US Registrar**") and US paying agent (the "**US Paying Agent**"), The Bank of New York Mellon (Luxembourg) S.A. as European paying agent (the "**European Paying Agent**", and together with the US Paying Agent, the "**Paying Agents**," and each individually, a "**Paying Agent**") and European registrar (the "**European Registrar**" and, together with the US Registrar, the "**Registrars**" and, each, a "**Registrar**"). The terms Fiscal Agent, US Registrar, US Paying Agent, European Paying Agent, Transfer Agent, and European Registrar shall include any additional or successor agents appointed in such capacities by the Issuer. The Subordinated Notes Agency Agreement permits the appointment of other agents, including one or more calculation agents (each, a "**Calculation Agent**") and a currency exchange agent (the "**Exchange Rate Agent**"). Unless otherwise indicated in an applicable Pricing Term Sheet and/or Final Terms, The Bank of New York Mellon will act as Calculation Agent and as Exchange Rate Agent with respect to the Subordinated Notes. Because the Subordinated Notes will not be issued pursuant to an indenture, each Subordinated Noteholder will be responsible for acting independently with respect to certain matters affecting such holder's Subordinated Notes, including enforcing any covenants contained therein and in connection with the Subordinated Notes, and responding to any requests for consents or waivers. The term "**Registered Note**" means a Subordinated Note in registered form.

Any reference herein to "**Subordinated Noteholders**" shall mean the several persons who are for the time being holders of outstanding Subordinated Notes (being, the registered owners thereof as reflected in the relevant Registers), except that for so long as any of the Subordinated Notes are represented by a Global Certificate, each person who is for the time being shown in the records of DTC and/or Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Subordinated Notes (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) (in which regard any certificate or other document issued by DTC and/or Euroclear and Clearstream,

Luxembourg as to the principal amount of such Subordinated Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by ABN AMRO Bank N.V. and the Fiscal Agent as a holder of such principal amount of such Subordinated Notes for all purposes other than for the payment of principal, premium (if any) and interest on such Subordinated Notes, the right to which shall be vested, as against ABN AMRO Bank N.V. and the Fiscal Agent, solely in the person in whose name the Global Certificate is registered in accordance with and subject to its terms (and the expressions "**Holder**", "**Holder of Subordinated Notes**" and related expressions shall be construed accordingly).

The Final Terms for this Subordinated Note is endorsed hereon or attached hereto and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Subordinated Note. References herein to the "**applicable Final Terms**" are to the Final Terms for this Subordinated Note. References herein to the "**applicable Pricing Term Sheet**" are to the Pricing Term Sheet for this Subordinated Note.

As used herein, "**Tranche**" means Subordinated Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Subordinated Notes together with any further Tranche or Tranches of Subordinated Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing and admission to trading) from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Subordinated Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet are available for viewing at the specified offices of each of the Fiscal Agent, the Registrars and the other Paying Agents and at the registered offices of the Issuer and copies may be obtained from those offices. The Subordinated Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Subordinated Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet which are binding on them.

Words and expressions defined in the Subordinated Notes Agency Agreement or used in the applicable Final Terms and/or Pricing Term Sheet shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

## **1. Form, Denomination and Title**

The Subordinated Notes are issued in registered form without interest coupons attached and, in the case of definitive Subordinated Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the specified Form(s).

This Subordinated Note may be a Fixed Rate Note, a Floating Rate Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms and/or Pricing Term Sheet.

The Subordinated Notes are represented by one or more global registered note certificates (each, a "**Global Certificate**") without receipts, interest coupons or talons. A Global Certificate will be issued to each person in whose name a Global Certificate is for the time being registered in the Register (as defined in this Condition 1), or, in the case of a joint holding, the first named thereof (the "**Registered Holder**"), in respect of its holding. The serial number of each Global Certificate will be recorded in the Register. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the US Registrar or European Registrar (as the case may be) in accordance with the provisions of

the Subordinated Notes Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction, a competent regulatory authority or as required by law or applicable regulations, the Issuer, the Fiscal Agent, the Registrar, any Paying Agent and any Transfer Agent may deem and treat the Registered Holder of any Subordinated Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph and to the definition of "Holder of Subordinated Notes" above.

For so long as DTC, Euroclear, or Clearstream, Luxembourg, as the case may be, or its nominee is the Registered Holder of a Global Certificate, such holder shall (except as otherwise provided by applicable law or regulatory requirements) be treated by the Issuer, the Fiscal Agent, any Paying Agent, the Registrar and any Transfer Agent as the absolute owner of such principal amount of such Subordinated Notes for the purposes of payment of principal, premium (if any) and interest on the Subordinated Notes and no person shall be liable for so treating such Registered Holder. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms and/or Pricing Term Sheet.

The Subordinated Notes are in the minimum denomination specified in the Final Terms and/or Pricing Term Sheet or integral multiples thereof.

## **2. Transfers and Exchange of Subordinated Notes**

### **(a) *Transfers Generally***

Ownership of beneficial interests in Global Certificates will be evidenced only by, and transfers thereof will be effected only through, records maintained by the relevant clearing system through which such beneficial interests are held and such clearing system's direct and indirect participants. Owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of definitive Subordinated Notes except in certain limited circumstances, including closure of the relevant clearing system(s). Any registered interests in a Global Certificate (i) may, upon the terms and subject to the conditions set forth in the Subordinated Notes Agency Agreement, be transferred by the Registered Holder in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms and/or Pricing Term Sheet) upon the surrender of the Subordinated Notes to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Subordinated Note will be issued to the transferee and, in the case of a transfer of part only of a Subordinated Note, a new Subordinated Note in respect of the balance not transferred will be issued to the transferor and (ii) will be transferable only in accordance with the rules and procedures for the time being as in effect from time to time of DTC, Euroclear and/or Clearstream, Luxembourg or such other applicable clearing system as the case may be.

### **(b) *Exchange and Transfer of Definitive Subordinated Notes***

#### **(i) *Exchange for Definitive Subordinated Notes***

Unless otherwise provided in the applicable Pricing Term Sheet and/or Final Terms, beneficial interests in a Global Certificate will be exchangeable by the Issuer in whole but not in part only at the option of the Registered Holder for definitive Subordinated Notes, only if such exchange is permitted by applicable law and (i) in the case of a DTC Global Certificate, DTC notifies the Issuer that it is unwilling or unable to continue as depository for the DTC Global Certificate or DTC ceases to be a clearing agency registered under the United States Securities Exchange Act of



1934, as amended, if so required by applicable law or regulation, and, in either case, a successor depository is not appointed by the Issuer within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, (ii) in the case of any other Global Certificate, if the clearing system(s) through which it is cleared and settled is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to cease business permanently or does in fact do so and a successor or successors is or are not appointed by the Issuer within 90 days from the commencement of such closure, announcement or cessation of business, or (iii) upon an Event of Default as described in Condition 9 (*Events of Default*).

(ii) *Transfers of Definitive Subordinated Notes*

Subject to paragraphs (iii), (iv) and (v) below, a definitive Subordinated Note may be transferred upon surrender of the definitive Subordinated Note, with the endorsed form of transfer duly completed (or another form of transfer in substantially the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), at the specified office of the Relevant Registrar or any Paying Agent, together with such evidence as the Relevant Registrar or (as the case may be) such Paying Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the definitive Subordinated Notes represented by the surrendered definitive Subordinated Notes are the subject of the transfer, a new definitive Subordinated Note in respect of the balance of the definitive Subordinated Notes will be issued to the transferor.

(iii) *Registration and delivery of Definitive Subordinated Notes*

Within five business days of the surrender of a definitive Subordinated Note and receipt of the form of transfer or duly signed and completed notice of exercise (an "**Exercise Notice**") in accordance with paragraph (ii) above, the Relevant Registrar will register the transfer in question and deliver a new definitive Subordinated Note of a like principal amount to the definitive Subordinated Notes transferred to each transferee at its specified office or (as the case may be) the specified office of any Paying Agent or (at the request and risk of any such relevant transferee) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such transferee. In this paragraph (iii), "business day" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Relevant Registrar or (as the case may be) the relevant Transfer Agent has its specified office. Title to such definitive Subordinated Note passes by registration, as evidenced by entries in the applicable Register.

(iv) *No charge*

The transfer of a definitive Subordinated Note will be effected without charge by or on behalf of the Issuer, the Relevant Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other governmental charges of whatsoever nature which may be levied or imposed in connection with such transfer.

(v) *Closed periods*

Neither transferors nor transferees may require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(vi) *Regulations concerning transfers and registration*

All transfers of definitive Subordinated Notes and entries on the Register are subject to the detailed regulations concerning the transfer of definitive Subordinated Notes scheduled to the Subordinated Notes Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Relevant Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

(c) *Exchange Between Regulation S Global Certificates and Rule 144A Global Certificates*

Beneficial interests in a Regulation S Global Certificate may be transferred to a person who wishes to hold a beneficial interest in a Rule 144A Global Certificate only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor (in the form set out in the Subordinated Notes Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Beneficial interests in a Rule 144A Global Certificate may also be transferred to a person who wishes to hold a beneficial interest through a Regulation S Global Certificate, but only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or with Rule 144A (if available) under the Securities Act.

Any beneficial interest in either a Rule 144A Global Certificate or a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Certificate will, upon transfer, cease to be a beneficial interest in such Global Certificate and become a beneficial interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Certificate.

### **3. Status and Terms relating to Subordinated Notes**

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

As a result, the claims of the holders of Subordinated Notes against the Issuer are:

- (i) in the event of any liquidation or bankruptcy of the Issuer; or
- (ii) in the event that a competent court has declared that the Issuer is in a situation which requires special measures (*noodregeling*) in the interests of all creditors, as referred to in Chapter 3.5.5 of the Dutch Act on financial supervision (*Wet op het financieel toezicht*, the "**Wft**"), and for so long as such situation is in force (such situation being hereinafter referred to as a "**Moratorium**"),

subordinated to (a) the claims of depositors (other than those whose deposits are expressed to rank equally to or lower than the Subordinated Notes) (b) all unsubordinated claims with respect to the repayment of borrowed money, (c) any other unsubordinated claims and (d) subordinated claims expressed by their terms to rank in priority to the Subordinated Notes (collectively, "**Senior Claims**").

By virtue of such subordination, payments to a Subordinated Noteholder will, in the event of any liquidation or bankruptcy of the Issuer or in the event of a Moratorium, with respect to the Issuer, only be made after, and any set-off by a Subordinated Noteholder shall be excluded until, all obligations of the Issuer resulting from Senior Claims have been satisfied.

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

#### 4. **Interest**

Subordinated Notes shall be interest-bearing. Interest-bearing Subordinated Notes shall be Fixed Rate Notes or Floating Rate Notes, as specified in the Final Terms and/or Pricing Term Sheet.

##### *(a) Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date, subject in any case as provided in Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*).

As used in the Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

The amount of interest payable in respect of each Subordinated Note for any Fixed Interest Period shall be the relevant Fixed Coupon Amount (or, in respect of the Fixed Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the Final Terms) and, if the Subordinated Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

If a Business Day Convention is specified in the applicable Pricing Term Sheet and/or Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (2) 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
- (3) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

If a Business Day Convention is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days for calculating the amount of interest payable in respect of the relevant Fixed Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms and/or Pricing Term Sheet, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms and/or Pricing Term Sheet.

In this Condition, "**Business Day**" means, unless otherwise specified in the applicable Final Terms and/or Pricing Term Sheet, a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Center specified in the applicable Pricing Term Sheet and/or Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than London and any Additional Business Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System (or any successor thereto) is open "**TARGET2 Day**". In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

If interest is required to be calculated for a period other than a Fixed Interest Period or no Fixed Coupon Amount is specified in the applicable Pricing Term Sheet and/or Final Terms, such interest shall be calculated by applying the Rate of Interest to the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Certificate and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Term Sheet and/or Final Terms:
  - (a) in the case of Subordinated Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; or
  - (b) in the case of Subordinated Notes where the Accrual Period is longer than the Determination Period, the sum of:
    - (1) the actual number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the

number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(ii) if "30/360" is specified in the applicable Pricing Term Sheet and/or Final Terms, the number of days in the Determination Period in respect of which payment is being made divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Accrual Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; and

(iii) if "Actual/Actual (ISDA)" is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 365 (or, if any portion of that Fixed Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Interest Period falling in a non-leap year divided by 365); and

(iv) if "Actual/365 (Fixed)" is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 365; and

(v) if "Actual/360" is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Fixed Interest Period divided by 360; and

(vi) if "30E/360" is specified in the applicable Pricing Term Sheet and/or Final Terms, the number of days in the Fixed Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Fixed Interest Period unless, in the case of a Fixed Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Fixed Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

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

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

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

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

"D1" is the first calendar day, expressed as a number, of the Fixed Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

In these Conditions:

**"Determination Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**"sub-unit"** means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and with respect to Euro, means one cent.

**(b) Interest on Floating Rate Notes**

**(i) Interest Payment Dates**

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Term Sheet and/or Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Term Sheet and/or Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **"Interest Payment Date"**) which falls on

the number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date, subject in any case as provided in Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*).

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Term Sheet and/or Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such First Interest Payment Date or Specified Interest Payment Date, as the case may be (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or Final Terms after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

If a Business Day Convention is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days for calculating the amount of interest payable in respect of the relevant Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms and/or Pricing Term Sheet, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms and/or Pricing Term Sheet.

In this Condition, "**Business Day**" means, unless otherwise specified in the applicable Final Terms and/or Pricing Term Sheet, a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Center specified in the applicable Pricing Term Sheet and/or Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than London and any Additional Business Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System (or any successor thereto) is open "**TARGET2 Day**". In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms on the following basis:

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Pricing Term Sheet and/or Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the sum of the relevant ISDA Rate and the Margin (if any). For the purposes of this subparagraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Subordinated Notes (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms and/or Pricing Term Sheet;
- (2) the Designated Maturity is the period specified in the applicable Final Terms and/or Pricing Term Sheet; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") for a currency or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Term Sheet and/or Final Terms.



For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 4(b)(iv) (*Determination of Rate of Interest and Calculation of Interest Amounts*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Reference Rate Determination

The rate of Interest on Floating Rate Notes will be determined by reference to the applicable Interest Basis, which may, as described below, include:

- (1) the CD Rate;
- (2) the CMT Rate;
- (3) the Commercial Paper Rate;
- (4) the Eleventh District Cost of Funds Rate;
- (5) EURIBOR;
- (6) the Federal Funds Rate;
- (7) LIBOR;
- (8) the Prime Rate; or
- (9) the Treasury Rate

as specified in the applicable Pricing Term Sheet and/or Final Terms.

The Calculation Agent shall determine each Interest Basis in accordance with the following provisions:

(1) *CD Rate*

If "CD Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the interest rate (calculated with reference to the CD Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**CD Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CD Rate (a "**CD Rate Interest Determination Date**"), the rate on such date for negotiable US dollar certificates of deposit having the Index Maturity specified in the applicable Pricing Term Sheet and/or

Final Terms, as the case may be, as published in H.15(519) (as defined below) opposite the caption "CDs (secondary market)" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such CD Rate Interest Determination Date for negotiable US dollar certificates of deposit of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update (as defined below), or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption "CDs (secondary market)". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable US dollar certificates of deposit in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for negotiable US dollar certificates of deposit of major United States money banks with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, in an amount that is representative for a single transaction in that market at that time; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined as of such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

"**H.15(519)**" means the weekly statistical release published by the Board of Governors of the Federal Reserve System and available on their website at [www.federalreserve.gov/releases/h15/update/h15upd.htm](http://www.federalreserve.gov/releases/h15/update/h15upd.htm), or any successor site or publication.

"**H.15 Daily Update**" means the daily update of H.15(519), published by the Board of Governors of the Federal Reserve System and available on their website at [www.federalreserve.gov/releases/h15/update/h15upd.htm](http://www.federalreserve.gov/releases/h15/update/h15upd.htm), or any successor site or publication.

(2) *CMT Rate*

If "CMT Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the CMT Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**CMT Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CMT Rate (a "**CMT Rate Interest Determination Date**"),

- (i) if "Reuters Page FRBCMT" (as defined below) is specified as Relevant Screen Page in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:

- (a) the percentage equal to the yield for United States Treasury securities at "constant maturity" having the Designated CMT Maturity Index specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "Treasury constant maturities", as the yield is displayed on Reuters (or any successor service) ("**Reuters**") on page FRBCMT (or any other page as may replace such page on such service) ("**Reuters Page FRBCMT**"), on the particular CMT Rate Interest Determination Date, or
- (b) if the rate referred to in clause (a) does not so appear on the Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index and for the particular CMT Rate Interest Determination Date as published in H.15(519) opposite the caption "Treasury constant maturities", or
- (c) if the rate referred to in clause (b) does not so appear in H.15(519), the rate on the particular CMT Rate Interest Determination Date for the period of the particular Designated CMT Maturity Index as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519), or
- (d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York (which may include the Agents or their affiliates) (each, a "**Reference Dealer**"), selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or
- (e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices

obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

- (f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or
- (g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or
- (h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on the particular CMT Rate Interest Determination Date, or
- (i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated CMT Maturity Index, the quotes for the Treasury security with the shorter original term to maturity will be used.
- (ii) if "Reuters Page FEDCMT" (as defined below) is specified as Relevant Screen Page in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:
  - (a) the percentage equal to the one week or one month, as specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, average yield for United States Treasury securities at "constant maturity" having the Designated CMT Maturity Index, as published in H.15(519) opposite the caption "Treasury constant maturities", as the yield is displayed on Reuters on page FEDCMT (or any other page as may replace such page on such service) ("**Reuters Page FEDCMT**"), for the week or month, as applicable, ended immediately preceding the week or month, as

applicable, in which such CMT Rate Interest Determination Date falls, or

- (b) if the rate referred to in clause (a) does not so appear on the Reuters Page FEDCMT, the percentage equal to the one week or one month, as applicable, average yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as published in H.15(519) opposite the caption "Treasury constant maturities," or
- (c) if the rate referred to in clause (b) does not so appear in H.15(519), the one week or one month, as applicable, average yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls, or
- (d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or
- (e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or
- (f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three

Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in the securities in that market at the time, or

- (g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or
- (h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that CMT Rate Interest Determination Date, or
- (i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated CMT Maturity Index, the quotes for the United States Treasury security with the shorter original term to maturity will be used.

**"Designated CMT Maturity Index"** means the original period to maturity of the US Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the Pricing Term Sheet and/or Final Terms, as the case may be, with respect to which the CMT Rate will be calculated.

(3) *Commercial Paper Rate*

If the "Commercial Paper Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Commercial Paper Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, **"Commercial Paper Rate"** means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Commercial Paper Rate (a **"Commercial Paper Rate Interest Determination Date"**), the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "Commercial Paper—Nonfinancial" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Money Market Yield on

such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper—Nonfinancial". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of US dollar commercial paper in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, placed for industrial issuers whose bond rating is "Aa", or the equivalent, from a nationally recognized statistical rating organization; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

"**Money Market Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

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

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

(4) *Eleventh District Cost of Funds Rate*

If the "Eleventh District Cost of Funds Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Eleventh District Cost of Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Eleventh District Cost of Funds Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Eleventh District Cost of Funds Rate (an "**Eleventh District Cost of Funds Rate Interest Determination Date**"), the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost of Funds Rate Interest Determination Date falls as set forth opposite the caption "11TH Dist COFI" on the display on Reuters (or any successor service) on page "COFI/ARMS" (or any other page as may replace

such page on such service) ("**Reuters Page COFI/ARMS**") as of 11:00 A.M., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on the Reuters Page COFI/ARMS on such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate on such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "**Index**") by the Federal Home Loan Bank ("**FHLB**") of San Francisco as such cost of funds for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date. If the FHLB of San Francisco fails to announce the Index on or prior to such Eleventh District Cost of Funds Rate Interest Determination Date for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date will be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

(5) *EURIBOR*

If "EURIBOR" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to EURIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**EURIBOR**" means the rate determined in accordance with the following provisions:

- (i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to EURIBOR (a "**EURIBOR Interest Determination Date**"), EURIBOR will be the rate for deposits in Euro as sponsored, calculated and published jointly by the European Banking Federation and ACI The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity as specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on Reuters on page EURIBOR01 (or any other page as may replace such page on such service) ("**Reuters Page EURIBOR01**") as of 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date; or if no such rate so appears, EURIBOR on such EURIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.
- (ii) With respect to a EURIBOR Interest Determination Date on which no rate appears on the Reuters Page EURIBOR01 as specified in Clause (i) above, the Calculation Agent will request the principal Euro zone office of each of four major reference banks (which may include the Agents or their affiliates) in the Euro zone interbank market, as selected by the



Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in Euro for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the Euro zone interbank market at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date and in a principal amount not less than the equivalent of US\$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time. If at least two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of such quotations.

- (iii) If fewer than two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date by four major banks (which may include the Agents or their affiliates) in the Euro zone selected by the Calculation Agent for loans in Euro to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on that Interest Reset Date and in a principal amount not less than the equivalent of US\$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time.
- (iv) If the banks so selected by the Calculation Agent are not quoting as mentioned in the preceding sentence, EURIBOR determined as of such EURIBOR Interest Determination Date will be EURIBOR in effect on such EURIBOR Interest Determination Date.

**"Euro zone"** means the region comprised of member states of the European Union that have adopted the single currency in accordance with the Treaty on European Union signed at Maastricht on February 7, 1992.

(6) *Federal Funds Rate*

If "Federal Funds Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Federal Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, **"Federal Funds Rate"** means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Federal Funds Rate (a "Federal Funds Rate Interest Determination Date"),

- (i) if "Federal Funds (Effective) Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the Federal Funds Rate Interest Determination Date shall be the rate with respect to such date for US

dollar federal funds as published in H.15(519) opposite the heading "Federal funds (effective)" and that appears on Reuters on page FEDFUNDS1 (or any other page as may replace such page on such service) ("**Reuters Page FEDFUNDS1**") under the heading "EFFECT" or, if such rate is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate with respect to such Federal Funds Rate Interest Determination Date for US dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption "Federal funds (effective)". If such rate does not appear on Reuters Page FEDFUNDS 1 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate with respect to such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight US dollar federal funds arranged by three leading brokers of US dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on the Business Day following such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;

- (ii) if "Federal Funds Open Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable Federal Funds Rate Interest Determination Date shall be the rate on such date under the heading "Federal Funds" for the relevant Index Maturity and opposite the caption "Open" as such rate is displayed on Reuters on page 5 (or any other page as may replace such page on such service) ("**Reuters Page 5**"), or, if such rate does not appear on Reuters Page 5 by 3:00 P.M., New York City time, on the Calculation Date, the Federal Funds Rate for the Federal Funds Rate Interest Determination Date will be the rate for that day displayed on the FFPREBON Index page on Bloomberg L.P. ("**Bloomberg**"), which is the Fed Funds Opening Rate as reported by Prebon Yamane (or a successor) on Bloomberg. If such rate does not appear on Reuters Page 5 or is not displayed on the FFPREBON Index page on Bloomberg or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight US Dollar federal funds arranged by three leading brokers of US Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the

Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;

- (iii) if "Federal Funds Target Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable Federal Funds Rate Interest Determination Date shall be the rate on such date as displayed on the FDTR Index page on Bloomberg. If such rate does not appear on the FDTR Index page on Bloomberg by 3:00 P.M., New York City time, on the Calculation Date, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date will be the rate for that day appearing on Reuters on page USFFTARGET= (or any other page as may replace such page on such service) ("**Reuters Page USFFTARGET=**"). If such rate does not appear on the FDTR Index page on Bloomberg or is not displayed on Reuters Page USFFTARGET= by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight US Dollar federal funds arranged by three leading brokers of US Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

(7) *LIBOR*

If "LIBOR" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to LIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**LIBOR**" means the rate determined in accordance with the following provisions:

- (i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to LIBOR (a "**LIBOR Interest Determination Date**"), LIBOR will be the rate for deposits in the Designated LIBOR Currency for the Interest Period(s) or Interest Reset Period(s) of the Index Maturity specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on the Designated LIBOR Page (as defined below) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, or if no such rate so appears, LIBOR on such LIBOR Interest Determination Date will be

determined in accordance with the provisions described in clause (ii) below.

- (ii) With respect to a LIBOR Interest Determination Date on which no rate appears on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent will request the principal London offices of each of four major reference banks (which may include the Agents or their affiliates) in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks (which may include the Agents or their affiliates) in such Principal Financial Center selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the related Interest Reset Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

**"Designated LIBOR Currency"** means the currency specified as Index Currency in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as to which LIBOR shall be calculated or, if no such currency is specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, US dollars.

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

**"London Banking Day"** is any day (other than a Saturday or Sunday) in which dealings in deposits in United States dollars are transacted or, with respect to any future date, are expected to be transacted in the London interbank market.

**"Principal Financial Center"** means (i) the capital city of the country issuing the Specified Currency, or (ii) the capital city of the country to which the Designated LIBOR Currency, if applicable, relates, except, in each case, that with respect to US Dollars, Australian Dollars, Canadian Dollars, Euro, New Zealand Dollars, South African Rand and Swiss Francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, The City of London (solely in the case of the Designated LIBOR Currency), Wellington, Johannesburg and Zurich, respectively.

(8) *Prime Rate*

If "Prime Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Prime Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, **"Prime Rate"** means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Prime Rate (a **"Prime Rate Interest Determination Date"**), the rate on such date as such rate is published in H.15(519) opposite the caption "Bank prime loan" or, if not published prior to 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption "Bank Prime Loan". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean, as determined by the Calculation Agent, of the rates of interest publicly announced by each bank that appears on Reuters on page USPRIME1 (or any other page as may replace such page on such service for the purpose of displaying prime rates or base lending rates of major United States banks ("**Reuters Page USPRIME1**")) as such bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date. If fewer than four such rates so appear on Reuters Page USPRIME1 for such Prime Rate Interest Determination Date by 3:00 P.M., New York City time on the related Calculation Date, then the Prime Rate shall be the arithmetic mean calculated by the Calculation Agent of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360 day year as of the close of business on such Prime Rate Interest Determination Date by three major banks (which may include the Agents or their affiliates) in New York City selected by the Calculation Agent; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date or, if no Prime Rate was in effect on such Prime Rate Interest Determination Date, the rate on such Floating Rate Note for the following Interest Reset Period shall be the Initial Interest Rate.

(9) *Treasury Rate*

If "Treasury Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Treasury Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Treasury Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined by reference to the Treasury Rate (a "**Treasury Rate Interest Determination Date**"), the rate from the auction held on such Treasury Rate Interest Determination Date (the "**Auction**") of direct obligations of the United States ("**Treasury Bills**") having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, under the caption "INVEST RATE" on the display on Reuters or any successor service on page USAUCTION 10 (or any other page as may replace such page on such service) ("**Reuters Page USAUCTION 10**") or page USAUCTION 11 (or any other page as may replace such page on such service) ("**Reuters Page USAUCTION 11**") or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined below) of the auction rate of such Treasury Bills as announced by the US Department of the Treasury. In the event that the auction rate of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, is not so announced by the US Department of the Treasury, or if no such Auction is held, then the Treasury Rate will be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "US government securities/Treasury bills/secondary market" or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "US government securities/Treasury bills/secondary market". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Treasury Rate will be calculated by the Calculation Agent and will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary US government securities dealers (which may include the Agents or their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

"**Bond Equivalent Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

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

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

(iii) *Minimum and/or Maximum Rate of Interest*

If the applicable Pricing Term Sheet and/or Final Terms specifies a Minimum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be less than such Minimum Rate of Interest and/or if it specifies a Maximum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be greater than such Maximum Rate of Interest.

Unless otherwise stated in the applicable Final Terms and/or Pricing Term Sheet, the Minimum Rate of Interest shall be deemed to be zero.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to in the case of Floating Rate Notes, the aggregate outstanding nominal amount of the Subordinated Notes represented by such Global Certificate and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (a) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if "Actual/365 (Fixed)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period in respect of which payment is being made divided by 365;
- (c) if "Actual/360" is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Interest Period in respect of which payment is being made divided by 360;

- (d) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (e) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;



"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (f) if "30E/360 (ISDA)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

- (v) *Notification of Rate of Interest and Interest Amount*

The Fiscal Agent or, if applicable, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth Amsterdam Business Day thereafter. Each Interest Amount and Interest

Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Subordinated Noteholders in accordance with Condition 12 (*Notices*). For the purposes of this paragraph (v), 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 Condition 4(b), whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the Calculation Agent (if applicable), the other Paying Agents and all Subordinated Noteholders and (in the absence as aforesaid) no liability to the Issuer or the Subordinated Noteholders shall attach to the Fiscal Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Foreign Currency Subordinated Notes*

In the case of Foreign Currency Subordinated Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms.

(d) *Accrual of Interest*

Each Subordinated Note (or in the case of the redemption of part only of a Subordinated Note, that part only of such Subordinated Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Subordinated Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) or individually.

**5. Payments**

(a) **Principal, Interest and Record Date**

Payment of the principal of and any premium or interest on Subordinated Notes, other than Foreign Currency Subordinated Notes with respect to which a Specified Currency payment election has been made, will be made to the registered holders thereof at the office of the US Paying Agent or, if applicable, the European Paying Agent, or such other office or agency of the Issuer maintained by it for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of the principal of and any premium and interest on such Subordinated Notes due

at Maturity will be made to the registered holders thereof in immediately available funds at such office or such other offices or agencies if such Subordinated Notes are presented to the applicable Paying Agent or any other paying agent in time for the applicable Paying Agent or such other paying agent to make such payments in accordance with its normal procedures; and, provided, further, that at the option of the Issuer, payment of interest, other than interest payable at Maturity, may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Register unless that address is in the Issuer's country of incorporation or, if different, country of tax residence; and, provided, further, that notwithstanding the foregoing a registered holder of US\$5,000,000 or more in aggregate principal amount of such Subordinated Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at Maturity, by wire transfer of immediately available funds to an account at a bank located in The City of New York (or other location consented to by such Issuer) if appropriate wire transfer instructions have been received by the applicable Paying Agent or any other paying agent in writing not less than 15 calendar days prior to the applicable Interest Payment Date.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, payments of principal of and any premium and interest on Foreign Currency Subordinated Notes will be made in US dollars unless the holder thereof elects to receive such payments in the Specified Currency as described below.

Any US dollar amount to be received by a holder of a Foreign Currency Subordinated Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day with respect to such Subordinated Note preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) for the purchase by the quoting dealer of the Specified Currency for US dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all holders of Foreign Currency Subordinated Notes scheduled to receive US dollar payments and at which the applicable dealer commits to execute a contract. If such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the holder of the Foreign Currency Subordinated Notes by deductions from such payments.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, a holder of a Foreign Currency Subordinated Notes may elect to receive payment of the principal of and any premium and interest on such Subordinated Note in the Specified Currency by transmitting a written request for such payment to the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be. Such request, which must include the wire transfer instructions referred to below, may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. A holder of a Foreign Currency Subordinated Note may elect to receive payment in the Specified Currency for all principal and any premium and interest payments and need not file a separate election for each payment. All costs associated with such currency exchange will be paid by the holder. Such election will remain in effect until revoked by written notice to the applicable Paying Agent, but written notice of any such revocation must be received by the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be.

The payment of principal of and any premium or interest on Foreign Currency Subordinated Notes paid in the Specified Currency other than at Maturity will be made by check drawn upon a bank office located outside the United States, and any such payments due at Maturity will be made by wire transfer of immediately available funds to an account maintained by the Holder with a bank office located in the country which issued the Specified Currency upon presentation of such Subordinated Notes to the applicable Paying Agent or any other paying agent in time for such wire transfer to be made by the applicable Paying Agent or such other paying agent in accordance with its normal procedures.

If a Specified Currency is not available for the payment of principal or any premium or interest with respect to a Foreign Currency Subordinated Note due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to holders of Foreign Currency Subordinated Notes by making such payment in US dollars on the basis of the market exchange rate on the second Market Day prior to the date of such payment, or if such market exchange rate is not then available, on the basis of the most recently available market exchange rate.

Each payment in respect of a Registered Note in definitive form will be made to the person shown as the Registered Holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (in respect of such Subordinated Notes, the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Registered Holder in the Register at the opening of business on the relevant Record Date. Each payment in respect of a Registered Note in global form will be made to the person shown as the Registered Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (in respect of such Subordinated Notes, the "**Record Date**"), where "**Clearing System Business Day**" means a day on which each clearing system for which the Relevant Global Certificate is being held is open for business.

**(b) Payment Day**

If the date for payment of any amount in respect of any Subordinated Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes (unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms), "**Payment Day**" means any day which (subject to this Condition 5) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) any Additional Business Center specified in the applicable Final Terms and/or Pricing Term Sheet; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than the place of presentation and any Financial Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

**(c) Interpretation of Principal and Interest**

Any reference in these Terms and Conditions to principal or nominal amount in respect of the Subordinated Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);

- (ii) the Final Redemption Amount of the Subordinated Notes;
- (iii) the Early Redemption Amount of the Subordinated Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Subordinated Notes;
- (v) any premium and any other amounts (other than accrued interest) which may be payable by the Issuer under or in respect of the Subordinated Notes;

and shall be deemed to exclude any amount written off or converted (if any) pursuant to Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*).

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

## **6. Redemption and Purchase**

### **(a) Redemption at Maturity**

Unless previously redeemed, written off, converted or purchased and cancelled as specified below or Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*), each Subordinated Note will be redeemed by the Issuer at its Final Redemption Amount (together with any accrued interest) specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms in the relevant Specified Currency on the Maturity Date or the Interest Payment Date falling in the Redemption Month (as defined and specified in the applicable Final Terms).

### **(b) Redemption for Tax Reasons**

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Subordinated Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) if, on the occasion of the next payment due under the Subordinated Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment (i) becomes effective on or after the Issue Date of the first Tranche of the Subordinated Notes and (ii) to the satisfaction of the Relevant Regulator is material and was not reasonably foreseeable at the Issue Date.

Each Subordinated Note redeemed pursuant to this Condition 6(b) will be redeemed at its Early Redemption Amount referred to in Condition 6(e) (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In these Conditions, "**Relevant Regulator**" means the Dutch Central Bank (*De Nederlandsche Bank N.V.*) (also referred to herein as the DNB) and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer, as determined by the Issuer.

**(c) *Redemption at the Option of the Issuer (Issuer Call)***

If Issuer Call is specified in the applicable Pricing Term Sheet and/or Final Terms, the Issuer may at its option, and, subject as provided in Condition 6(e) (*Early Redemption Amounts*) below and having given:

- (i) not less than 30 nor more than 60 days' notice to the Subordinated Noteholders in accordance with Condition 12 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal Agent, both of which notices shall be irrevocable),

redeem all but not some only of the Subordinated Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms and/or Pricing Term Sheet together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

All notices of redemption shall identify the Subordinated Notes to be redeemed (including CUSIP, Common Code and ISIN numbers), the date fixed for redemption, the redemption price, the manner in which redemption will be effected.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not higher than the Maximum Redemption Amount, both as indicated (if at all) in the applicable Pricing Term Sheet and/or Final Terms. In the case Redeemed Notes represented by definitive Subordinated Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Certificate will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 6(c) and notice to that effect shall be given by the Issuer to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) at least 5 days prior to the Selection Date.

**(d) *Redemption, substitution and variation for regulatory purposes of Subordinated Notes***

If Regulatory Call is specified in the applicable Final Terms and/or Pricing Term Sheet and if the Issuer notifies the Subordinated Noteholders immediately prior to the giving of notice referred to below that the whole or at least the minimum percentage of the outstanding nominal amount of the Subordinated Notes, as specified in the applicable Final Terms and/or Pricing Term Sheet, is fully excluded from qualifying as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the Issue Date of the Subordinated Notes) or the Relevant Regulator authority has determined that the whole or at least the minimum percentage of the outstanding nominal amount of the Subordinated Notes, as specified in the applicable Final Terms and/or Pricing Term Sheet, is fully excluded from qualifying as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the Issue Date of the Subordinated Notes), then the Issuer may, subject to (i) the Relevant Regulator being satisfied that such disqualification as Tier 2 capital was not reasonably foreseeable at the Issue Date and (ii) the prior consent of the Relevant Regulator provided that at the relevant time such consent is required, and having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Subordinated Noteholders redeem, in accordance with the Conditions, all, but not some only, of the Subordinated Notes on the Optional Redemption Date(s) specified in the applicable Final Terms and/or Pricing Term Sheet at the Optional Redemption Amount specified in the applicable Final Terms and/or Pricing Term Sheet together with accrued interest (if any) to but excluding the Optional Redemption Date.

If Variation or Substitution is specified in the applicable Final Terms and/or Pricing Term Sheet and if a CRD IV Capital Event or an event as specified in the preceding paragraph in this Condition 6(d) has occurred and is continuing, then the Issuer may, subject to the prior written consent of the Relevant Regulator provided that at the relevant time such consent is required (but without any requirement for the consent or approval of the Subordinated Noteholders) and having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Subordinated Noteholders, either substitute all, but not some only, of the Subordinated Notes or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time. Upon the expiry of the notice referred to above, the Issuer shall either vary the terms of, or substitute, the Subordinated Notes in accordance with this Condition 6(d), as the case may be, provided that such substitution or variation shall not result in terms that are materially less favorable to the Subordinated Noteholders.

Following such variation or substitution the resulting securities shall (1) have a ranking at least equal to that of the Subordinated Notes, (2) have at least the same interest rate and the same interest payment dates as those from time to time applying to the Subordinated Notes, (3) have the same Maturity Date and redemption rights as the Subordinated Notes, (4) preserve any existing rights under the Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of variation or substitution, (5) have assigned (or maintain) the same credit ratings as were assigned to the Subordinated Notes immediately prior to such variation or substitution and (6) be listed on a recognized stock exchange if the Subordinated Notes were listed immediately prior to such variation or substitution.

In these Conditions:

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

"**CRD IV**" means together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations;

"**CRD IV Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended from time to time);

"**CRD IV Regulation**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as amended from time to time); and

"**Future Capital Instruments Regulations**" means any regulatory capital rules implementing the CRD IV Regulation or the CRD IV Directive which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards or implementing technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by DNB, the European Banking Authority or other Relevant Regulator, which are applicable to the Issuer (on a solo or consolidated basis) and which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive.

**(e) Early Redemption Amounts**

Subject to Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*) below, for the purpose of Conditions 6(b) (*Redemption for Tax Reasons*), 6(c) (*Redemption at the Option of the Issuer (Issuer Call)*) and 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) above and Condition 9 (*Events of Default*), each Subordinated Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Subordinated Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; and
- (ii) in any other case, at the amount specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms or, if no such amount or manner is so specified in the Pricing Term Sheet and/or Final Terms, at their nominal amount.

Redemption of Subordinated Notes pursuant to Conditions 6(b) (*Redemption for Tax Reasons*), 6(c) (*Redemption at the Option of the Issuer (Issuer Call)*) and 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) above may only be effected after the Issuer has obtained the prior written consent of the Relevant Regulator, provided that at the relevant time such consent is required to be given.

**(f) Purchases**

The Issuer or any of its subsidiaries may at any time purchase Subordinated Notes at any price in the open market or otherwise. Such Subordinated Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation. The purchases by the Issuer or any of its subsidiaries of Subordinated Notes shall be subject to the prior written consent of the Relevant Regulator, provided that at the relevant time such consent is required to be given, and shall be in compliance with all applicable laws and regulations (including CRD IV as then in effect).

**(g) Cancellation**

All Subordinated Notes which are redeemed will forthwith be cancelled. All Subordinated Notes so cancelled and the Subordinated Notes purchased and cancelled pursuant to Condition 6(f) (*Purchases*) above shall be forwarded to the Agent and cannot be re-issued or resold.

**(h) Statutory Loss Absorption of Subordinated Notes**

Subordinated Notes may become subject to the determination by the Relevant Authority or the Issuer (following instructions from the Relevant Authority) that without the consent of the Subordinated Noteholder all or part of the nominal amount of the Subordinated Notes, including accrued but unpaid interest in respect thereof, must be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, all as prescribed by BRRD ("**Statutory Loss Absorption**"). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Subordinated Notes subject to Statutory Loss Absorption shall be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, as prescribed by BRRD, (ii) such Statutory Loss Absorption shall not constitute an Event of Default and (iii) the Subordinated Noteholders will have no further claims in respect of the amount so written off or subject to conversion or otherwise as a result of such Statutory Loss Absorption.



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

Upon any write off or conversion of a proportion of the outstanding nominal amount of the Subordinated Notes, any reference in these Conditions to principal, nominal amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount of the Subordinated Notes shall be deemed to be to the amount resulting after such write off or conversion.

In addition, subject to the determination by the Relevant Authority and without the consent of the Subordinated Noteholders, the Subordinated Notes may be subject to other resolution measures as envisaged under BRRD, such as replacement or substitution of the Issuer, transfer of the Subordinated Notes, expropriation of Subordinated Noteholders, modification of the terms of the Subordinated Notes and/or suspension or termination of the listings of the Subordinated Notes. Such determination, the implementation thereof and the rights of Subordinated Noteholders shall be as prescribed by BRRD, which may include the concept that, upon such determination, no Subordinated Noteholder shall be entitled to claim any indemnification or payment in respect of any tax or other consequences arising from any such event and that any such event shall not constitute an Event of Default.

In these Conditions:

**"BRRD"** means any relevant laws and regulations applicable to the Issuer at the relevant time pursuant to, or which implement, or are enacted within the context of, the Directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as adopted by the European Parliament on 15 April 2014 (subject to formal adoption by the Council), or any other resolution or recovery rules which may from time to time be applicable to the Issuer; and

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

## **7. Taxation**

All payments of principal and interest in respect of the Subordinated Notes by the Issuer will be made free and clear and without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will, depending on which provision is specified in the applicable Pricing Term Sheet and/or Final Terms, either:

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Subordinated Notes and shall not pay any additional amounts to the holders of the Subordinated Notes; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Subordinated Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Subordinated Notes as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Subordinated Note:
  - (i) presented for payment by or on behalf of a Subordinated Noteholder who is liable for such taxes or duties in respect of such Subordinated Note by reason of his having some

connection with The Netherlands other than the mere holding of such Subordinated Note, or the receipt of principal or interest in respect thereof; or

- (ii) presented for payment by or on behalf of a Subordinated Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) presented for payment by or on behalf of a Subordinated Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Subordinated Note, to another Paying Agent in a Member State of the European Union; or
- (iv) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(b) (*Payment Day*)); or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

The Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA Withholding**") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA Withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, the paying agent or any other party.

As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Subordinated Noteholders in accordance with Condition 12 (*Notices*).

## **8. Prescription**

The Subordinated Notes will become void unless claims in respect of principal and/or interest are made within a period of five years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

## **9. Events of Default**

If any of the following events (each an "**Event of Default**") shall have occurred and be continuing:

- (i) the Issuer is declared bankrupt, or a declaration in respect of the Issuer is made under article 3:163(1)(b) of the Wft; or
- (ii) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in

connection with the Subordinated Notes,

then any Subordinated Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Subordinated Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 6(e) (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind provided that repayment of Subordinated Notes under this Condition 9 will only be effected after the Issuer has obtained the prior written consent of the Relevant Regulator provided that at the relevant time such consent is required.

#### **10. Replacement of Subordinated Notes**

Should any Subordinated Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Subordinated Notes must be surrendered before replacements will be issued.

#### **11. Agent and Paying Agents**

The names of the initial Fiscal Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Subordinated Notes are listed on any stock exchange, there will at all times be a Paying Agent and a Registrar with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (iii) there will at all times be a Fiscal Agent and a Registrar; and
- (iv) save to the extent satisfied by (i) above or (ii) above, there will at all times be a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(a) (*Principal, Interest and Record Date*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Subordinated Noteholders in accordance with Condition 12 (*Notices*).

#### **12. Notices**

Notices shall be given in accordance with any applicable rule or regulation or decree by a governmental body and the rules and customary procedures of the stock exchange or applicable clearing system

specified in the applicable Final Terms and/or Pricing Term Sheet and need not be given by mail unless required by the rules of the stock exchange or applicable clearing system.

Notices given by any Registered Holder shall be in writing and given by lodging the same with the Registrar at its specified office.

### **13. Amendment and Waiver**

Subject at all times to Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*), the Agent and the Issuer may agree, without the consent of the Subordinated Noteholders, to:

- (a) any modification of the Subordinated Notes Agency Agreement which is in the Issuer's opinion not materially prejudicial to the interests of the Subordinated Noteholders; or
- (b) any modification of the Subordinated Notes or the Subordinated Notes Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory and/or overriding provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (c) in accordance with Condition 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*), substitution of the Subordinated Notes or variation of the terms of the Subordinated Notes in order to ensure that such substituted or varied Subordinated Notes continue to qualify as Tier 2 Notes under CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time.

Any other amendment of this Subordinated Notes or the Subordinated Notes Agency Agreement may be made only with the consent of the Subordinated Noteholders. The Issuer and the Fiscal Agent, if applicable, may amend the Subordinated Notes or the Subordinated Notes Agency Agreement with the written consent of the Holders of at least a majority in principal amount of the Subordinated Notes then outstanding voting as a single class (including consent obtained in connection with a tender offer or exchange of the Subordinated Notes); provided however that without the consent of 100% of the then outstanding aggregate principal amount of the Subordinated Notes, no amendment may:

- (a) reduce the amount of Subordinated Notes whose holders must consent to an amendment;
- (b) reduce the rate of or extend the time for payment of interest on any Subordinated Note;
- (c) reduce the principal or extend the Stated Maturity or Redemption Month of any Subordinated Note;
- (d) reduce the premium or amount payable upon the redemption of any Subordinated Note or change the time at which any Subordinated Note may be redeemed in accordance with its terms;
- (e) make any Subordinated Note payable in currency other than that stated in such Subordinated Note;
- (f) expressly subordinate any Subordinated Note to any other indebtedness of the Issuer save as permitted in accordance with its terms;
- (g) impair the right of any Subordinated Noteholder to receive payment of principal, premium, if any, and interest on such Holder's Subordinated Notes on or after the due dates therefor or to institute

suit for the enforcement of any payment on or with respect to such Holder's Subordinated Notes;  
or

- (h) make any amendment to the Events of Default as described in the Conditions.

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

#### **14. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Subordinated Noteholders to create and issue further Subordinated Notes having terms and conditions the same as the Subordinated Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Subordinated Notes.

#### **15. Substitution of the Issuer**

- (a) If this Condition 15 is specified in the applicable Final Terms and/or Pricing Term Sheet to be applicable, the Issuer may, with the consent of the Subordinated Noteholders which will be deemed to have been given in respect of each Tranche of Subordinated Notes on which no payment of principal or interest on any of the Subordinated Notes is in default and after written approval of the Relevant Regulator, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (such substituting entity, the "**Substituted Debtor**") as principal debtor in respect of the Subordinated Notes provided that:
  - (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favor of each Subordinated Noteholder to be bound by the Terms and Conditions of the Subordinated Notes and the provisions of the Subordinated Notes Agency Agreement as fully as if the Substituted Debtor had been named in the Subordinated Notes, and the Subordinated Notes Agency Agreement as the principal debtor in respect of the Subordinated Notes in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favor of each Subordinated Noteholder the payment of all sums (including any additional amounts payable pursuant to Condition 7 (*Taxation*)) payable in respect of the Subordinated Notes;
  - (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than The Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Subordinated Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 7 (*Taxation*) with the substitution for the references to The Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to jointly and severally indemnify and hold harmless each Subordinated Noteholder against all liabilities, costs, charges and expenses, provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred by or

levied against such holder as a result of any substitution pursuant to this Condition 15 and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Subordinated Noteholder by any political sub-division or taxing authority of any country in which such Subordinated Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

- (iii) the Substituted Debtor and the Issuer shall have obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and the Documents shall contain a representation by the Substituted Debtor and the Issuer that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Subordinated Noteholder;
  - (iv) each stock exchange which has Subordinated Notes listed thereon or the relevant competent authority relating thereto shall have confirmed that following the proposed substitution of the Substituted Debtor such Subordinated Notes would continue to be listed on such stock exchange;
  - (v) the Substituted Debtor shall have delivered to the Fiscal Agent or procured the delivery to the Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Subordinated Noteholders at the specified office of the Fiscal Agent;
  - (vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Subordinated Noteholders at the specified office of the Fiscal Agent; and
  - (vii) the Substituted Debtor shall have appointed an agent for the service of process in accordance with Condition 16(b) (*Jurisdiction*).
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Subordinated Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Subordinated Noteholder, except as provided in Condition 15(a)(ii) above, shall be entitled to claim from the Issuer or any Substituted Debtor under the Subordinated Notes any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) In respect of any substitution pursuant to this Condition 15 in respect of the Subordinated Notes of any Series, the Documents shall provide for such further amendment of the Terms and Conditions of the Subordinated Notes as shall be necessary or desirable to ensure that the

Subordinated Notes of such Series constitute subordinated obligations of the Substituted Debtor and that the Guarantee constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Subordinated Notes of such Series under Condition 3 (*Status and Terms relating to Subordinated Notes*).

- (d) With respect to Subordinated Notes, the Issuer shall be entitled, after written approval of the Relevant Regulator, and by notice to the Subordinated Noteholders given in accordance with Condition 12 (*Notices*), at any time either to effect a substitution which does not comply with Condition 15(c) above provided that the terms of such substitution have been approved by 75% of the Subordinated Noteholders or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.
- (e) Upon the execution of the Documents as referred to in Condition 15(a) above, and subject to the notice as referred to in Condition 15(g) below having been given, the Substituted Debtor shall be deemed to be named in the Subordinated Notes as the principal debtor in place of the Issuer and the Subordinated Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Subordinated Notes save that any claims under the Subordinated Notes prior to release shall enure for the benefit of Subordinated Noteholders.
- (f) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Subordinated Notes remain outstanding and for so long as any claim made against the Substituted Debtor by any Subordinated Noteholder in relation to the Subordinated Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Subordinated Noteholder to the production of the Documents for the enforcement of any of the Subordinated Notes or the Documents.
- (g) Prior to, to the extent reasonably practicable but in any event no later than, 15 Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Subordinated Noteholders in accordance with Condition 12 (*Notices*).

## **16. Governing Law and Jurisdiction**

### **(a) Governing Law**

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

### **(b) Jurisdiction**

In relation to any legal action or proceedings arising out of or in connection with the Subordinated Notes or the Subordinated Notes Agency Agreement, the courts in Amsterdam, The Netherlands and any state or federal court in the Borough of Manhattan, The City New York, New York shall have exclusive jurisdiction.

As a result, the Issuer hereby irrevocably consents and submits to the jurisdiction of any state or federal court in the Borough of Manhattan, The City New York, New York 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 Subordinated Notes.

The Issuer hereby irrevocably designates, appoints and empowers the New York Representative Office of ABN AMRO Bank N.V. at 565 Fifth Avenue, 25th Floor, New York, NY 10017, United States of America, as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and its properties, assets and revenues, service of any and all legal process, summons, notices and documents that may be served in any action, suit or proceeding brought against it in any such state or federal court in the Borough of Manhattan, The City New York, New York, with respect to its obligations, liabilities or any other matter arising out of or in connection with the Subordinated 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 15(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 15(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 Subordinated Noteholders to service any such legal process, summons, notices and documents in any other manner 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 Subordinated Notes or any related additional agreement brought in the courts in Amsterdam, The Netherlands or any state or federal court in the Borough of Manhattan, The City New York, 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 applicable master Terms and Conditions as set out in full in this Base Prospectus in the section headed "*Terms and Conditions of the Senior Notes*" and "*Terms and Conditions of the Subordinated Notes*".

### Payment currency

Unless otherwise indicated in the applicable Pricing Term Sheet or Final Terms in relation to any Tranche of Notes, a purchaser will be required to pay for Foreign Currency Notes in the Specified Currency. Currently, there are limited facilities in the United States for the conversion of US dollars into foreign currencies. Therefore, unless otherwise indicated in the applicable pricing supplement, the exchange rate agent the relevant Issuer appoints and identifies in the applicable pricing supplement will arrange for the conversion of US dollars into the Specified Currency on behalf of any purchaser of a Foreign Currency Notes to enable a prospective purchaser to deliver the Specified Currency in payment for a Foreign Currency Note. The exchange rate agent must receive a request for any conversion on or prior to the third business day preceding the date of delivery of the Foreign Currency Note. The purchaser must pay all costs of currency exchange.

Unless otherwise indicated in the applicable Pricing Term Sheet or Final Terms in relation to any Tranche of Notes, payments made by the Issuer of principal of, premium, if any, and interest, if any, on a Foreign Currency Note, will be made in accordance with Condition 5 (*Payments*).

## TAXATION

### Netherlands taxation

*The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note or Coupon, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.*

*For the purpose of this summary it is assumed that an individual or non-resident entity holding a Note does not have or will not have a substantial interest, or - in the case of a holder of a Note being an entity - a deemed substantial interest, in the Issuer and that no connected person (verbonden persoon) to the holder of a Note has or will have a substantial interest in the Issuer.*

*Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has, or is deemed to have or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company*

*Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company. An entity holding a Note has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.*

*For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.*

*Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note or otherwise being regarded as owning a Note for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.*

*Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of The Netherlands.*

***Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note or Coupon.***

### 1. WITHHOLDING TAX

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The

Netherlands or any political subdivision or taxing authority thereof or therein, provided the Notes have a maturity of 50 years or less.

## 2. TAXES ON INCOME AND CAPITAL GAINS

### Residents

#### *Resident entities*

An entity holding a Note which is, or is deemed to be, resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from a Note at the prevailing statutory rates.

#### *Resident individuals*

An individual holding a Note who is, is deemed to be, or has elected to be treated as, resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52 per cent if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding a Note will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. The deemed return amounts 4% of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Note). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 per cent.

### Non-residents

A holder of a Note which is not, is not deemed to be, and - in case the holder is an individual - has not elected to be treated as, resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from a Note unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and the holder of a Note derives profits from such enterprise (other than by way of securities); or
- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

### 3. GIFT AND INHERITANCE TAXES

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

### 4. VALUE ADDED TAX

There is no Dutch value added tax payable by a holder of a Note in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes, or the transfer of the Notes.

### 5. OTHER TAXES AND DUTIES

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of a Note in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

### 6. RESIDENCE

A holder of a Note will not be, or deemed to be, resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

### 7. EU COUNCIL DIRECTIVE ON TAXATION OF SAVINGS INCOME

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. On 10 April 2013 Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

A number of non-EU countries including Switzerland have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State.

The Council formally adopted a Council Directive amending the Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive extend the scope of the Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

## **FATCA**

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

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

## **US federal income taxation**

The following discussion is a summary based upon present law of certain material US federal income tax considerations for prospective purchasers of Notes. This discussion addresses only US Holders (as defined below) purchasing Notes in an original offering that hold such Notes as capital assets and use the US dollar as their functional currency. This discussion is a general summary. It is not a substitute for tax advice. This discussion does not address the tax treatment of prospective purchasers subject to special rules, such as financial institutions, insurance companies, tax-exempt entities, dealers in securities or foreign currencies, traders in securities that elect to mark to market, prospective purchasers liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, regulated investment companies, real estate investment trusts, or persons holding the Notes as part of a hedge, straddle, conversion, or other integrated financial transaction. This section does not address Notes that are due to mature more than 30 years from the date on which they are issued or Subordinated Notes. This summary does not address US federal estate and gift, US state and local or foreign tax law.

**THE STATEMENTS ABOUT US FEDERAL INCOME TAX ISSUES ARE MADE TO SUPPORT THE PROMOTION AND MARKETING OF THE NOTES. NO TAXPAYER CAN RELY ON THEM TO AVOID US FEDERAL TAX PENALTIES. EACH PROSPECTIVE PURCHASER**

**SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN NOTES UNDER THE LAWS OF THE NETHERLANDS, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.**

For purposes of this discussion, a "US Holder" is a beneficial owner of a Note that is (i) a citizen or individual resident of the United States for US federal income tax purposes, (ii) a corporation, partnership or other business entity organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of a US person and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income taxation regardless of its source.

The US federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Partnerships and partners in such partnerships are urged to consult their own tax advisers regarding the specific tax consequences of purchasing, owning and disposing of such Notes.

### **Characterization of the notes**

The Issuer expects that the Notes generally should be characterized as debt for US federal income tax purposes. The tax characterization of Notes in any particular Series will depend, however, on the Final Terms of the Series and it is possible that certain Notes, particularly including Notes that are due to mature more than 30 years from the date on which they are issued or Subordinated Notes, may not be characterized as debt for US federal income tax purposes. While the discussion here generally assumes that the Notes are debt for US federal income tax purposes, US Holders should consult their own tax advisers about the proper tax characterization of the Notes.

The consequences to a US Holder of purchasing Notes in the original offering and holding Notes that are treated as debt for US federal income tax purposes generally would be as described below.

### **Interest**

Except as discussed below under "*Original Issue Discount*" and "*Contingent Debt Obligations*", interest on the Notes will be includible in the income of a US Holder as ordinary income from sources outside the United States according to such US Holder's regular method of accounting for tax purposes, provided that such interest is qualified stated interest (as defined below). Interest on Floating Rate Notes will generally accrue at a hypothetical fixed rate equal to the rate at which the Notes bore interest on their issue date. The amount of interest actually recognized for any accrual period will increase (or decrease) if the interest actually paid during the period is more (or less) than the amount accrued at the hypothetical rate. US Holders of Floating Rate Notes, therefore, generally will recognize income for each period equal to the amount paid during that period.

### **Original issue discount**

A Series of Notes may be issued with original issue discount ("**OID**") for US federal income tax purposes. A Note will be issued with OID to the extent that the Note's "**stated redemption price at maturity**" exceeds its "**issue price**". A Note generally will not have OID if such excess is less than 1/4 of 1% of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity ("**de minimis OID**").

The issue price of a Note is the initial offering price at which a substantial amount of the Notes are sold (excluding sales to underwriters, brokers or similar persons acting in their capacity as such). The stated

redemption price at maturity of a Note is the total of all payments on the Note other than payments of "**qualified stated interest**". Qualified stated interest means, in general, stated interest that is payable unconditionally in cash or in property at least annually at a single fixed rate (or at certain floating rates) that appropriately takes into account the length of the interval between stated interest payments.

A US Holder of a Note issued with OID and having a maturity in excess of one year must include OID in income over the term of the Note. An initial US Holder generally must include in gross income the sum of the daily portions of OID that accrue on the Note for each day during the taxable year in which such US Holder held the Note. To determine the daily portion of OID, OID accruing during an accrual period (generally the period not exceeding one year between dates on which interest is paid) is divided by the number of days in the accrual period.

The amount of OID accruing during an accrual period is determined by using a constant yield to maturity method. For any accrual period, the OID allocable to the accrual period is the excess of (i) the product of the Note's adjusted issue price at the beginning of the accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted for the length of the accrual period) over (ii) the sum of any qualified stated interest payments allocable to the accrual period. A Note's adjusted issue price generally equals the issue price of the Note increased by the aggregate amount of OID accrued on a Note in all prior accrual periods (determined without regard to the amortization of any acquisition premium, as discussed below, or bond premium, as discussed below) and reduced by the amount of all payments previously received (other than payments of qualified stated interest).

As described below in "*Optional Redemption*", certain of the Notes may be subject to special redemption features, which may affect the yield to maturity and accrual periods with respect to a Note.

Notes bearing interest at a variable rate, including Floating Rate Notes, are subject to special OID rules. In the case of a Floating Rate Note, both the yield to maturity and qualified stated interest will be determined as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable on the date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. In certain cases, Floating Rate Notes that bear stated interest and are issued at par may have OID, with the result that the inclusion of interest in income may vary from the actual cash payments of interest made on such Notes.

OID on a Note that is denominated in a single currency other than US dollars will be determined for any accrual period in the applicable currency and then translated into US dollars in the same manner as other interest income accrued by an accrual method US Holder, as described below under "*Foreign Currency Notes*". A US Holder will recognize exchange gain or loss when OID is paid to the extent of the difference between the US dollar value of the accrued OID and the US dollar value of the currency received at the spot rate on the date of receipt. For this purpose, all payments (other than qualified stated interest) on a Note will first be treated as payments of previously accrued OID, with payments considered made for the earliest accrual periods first.

A US Holder may elect to treat all interest on a Note as OID applying the constant yield method described above to accrue such interest, with the modifications described below. For purposes of this election, interest includes stated interest, OID, de minimis OID, acquisition discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. In applying the constant yield method to a Note with respect to which this election has been made, the issue price of a Note will equal the electing US Holder's adjusted basis in the Note immediately after its acquisition, the issue date of the Note will be the date of its acquisition by the electing US Holder, and no payments on the Note will be treated as payments of qualified stated interest. If a US Holder makes this election, it will apply only to the Note with respect to which it is made and the US Holder may not revoke it without the consent of the IRS. A US Holder making this election with respect to a Note with bond premium will be deemed to have made the elections (discussed below in "*Bond premium*") to

amortize bond premium currently with respect to all debt instruments with bond premium held or acquired by such US Holder as of the beginning of that taxable year.

### **Foreign currency notes**

A cash basis US Holder receiving interest denominated in a currency other than US dollars must include a US dollar amount in income based on the spot exchange rate on the date of receipt whether or not the payment is converted to US dollars. An accrual basis US Holder (or a cash basis US Holder in the case of interest, such as OID, that must be accrued prior to receipt) receiving interest denominated in a currency other than US dollars must include in income a US dollar amount based on the average exchange rate during the accrual period (or, if an accrual period spans two taxable years, the partial period within the taxable year). Upon receipt of an interest payment in a currency other than US dollars, US Holders that have accrued interest will recognize exchange gain or loss equal to the difference, if any, between the US dollar amount of interest previously accrued and the US dollar value of the payment received determined at the spot exchange rate on the date of receipt. Such exchange gain or loss will be US source ordinary income or loss and generally will not be considered additional interest income or expense.

An accrual basis US Holder (and a cash basis US Holder with respect to OID, if any) may elect to translate accrued interest into US dollars at the spot exchange rate on the last day of the accrual period (or, if an accrual period spans two taxable years, at the exchange rate on the last day of the partial accrual period in the relevant taxable year). If accrued interest actually is received within five business days of the last day of the accrual period, an electing accrual basis US Holder instead may translate the accrued interest at the spot exchange rate on the date of actual receipt for purposes of translating accrued interest income into US dollars (in which case no exchange gain or loss will be taken into account upon receipt). Any currency translation elections will apply to all debt instruments that the electing US Holder holds or acquires as of the beginning of that taxable year. A US Holder may not revoke this election without the consent of the IRS.

For purposes of this discussion, the "**spot exchange rate**" generally means a rate that reflects a fair market rate of exchange available to the public for currency under a "**spot contract**" in a free market and involving representative amounts. A "spot contract" is a contract to buy or sell a currency other than the US dollar on or before two business days following the date of the execution of the contract. If such a spot rate cannot be demonstrated, the IRS has the authority to determine the spot rate. The "**average rate**" for an accrual period (or partial period) is the average of the spot exchange rates for each business day of such period or other average exchange rate for the period reasonably derived and consistently applied by a US Holder.

The tax basis of currency other than US dollars received by a US Holder generally will equal the US dollar equivalent of such foreign currency at the spot rate on the date it is received. Upon the subsequent exchange of such foreign currency for US dollars, another currency, or property, a US Holder generally will recognize exchange gain or loss equal to the difference between the US Holder's tax basis in the foreign currency and the US dollars received or the US dollar value of the other currency (at the spot rate on the date of exchange) or property. Such gain or loss will be US source ordinary gain or loss.

### **Short-term notes**

A US Holder of a Note with a maturity of one year or less (a "**Short-Term Note**") will be subject to special rules.

The OID rules do not treat interest payments on a Short-Term Note as qualified stated interest, but instead treat a Short-Term Note as having OID determined by including any stated interest payments in a Short-Term Note's stated redemption price at maturity. Except as noted below, a cash-basis US Holder of a Short-Term Note generally will not be required to accrue OID currently, but will be required to treat any



gain realized on a sale or other disposition of a Short-Term Note as ordinary income to the extent such gain or loss does not exceed the OID accrued with respect to the Short-Term Note during the period the US Holder held it. Accrual basis (and electing cash-basis) US Holders will include OID on a Short-Term Note in income on a current basis.

A US Holder will accrue OID on a Short-Term Note on a straight-line method unless it elects a constant yield method. If a US Holder makes this election, it will apply only to the Short-Term Note with respect to which it is made, and the US Holder may not revoke it. Furthermore, unless a US Holder elects to include OID into income on a current basis as described above, a US Holder of a Short-Term Note having OID may be required to defer the deduction of all or a portion of the interest expense on any debt incurred or maintained to purchase or carry such Short-Term Note.

### **Contingent debt obligations**

A Series of Notes may provide for contingent payments ("**Contingent Debt Obligations**"). Special rules govern the tax treatment of Contingent Debt Obligations. These rules generally require a US Holder to treat all interest as OID and to accrue OID at a rate equal to the comparable yield on a non-contingent fixed rate debt instrument of the Issuer with similar terms and conditions and a projected payment schedule that produces such comparable yield. The amount of OID will then be allocated on a ratable basis to each day in the period that the US Holder holds the Contingent Debt Obligation. The OID would be ordinary income from sources outside of the United States.

If the actual payments made on a Contingent Debt Obligation in a year differ from the projected contingent payments, US Holders will recognize additional interest income or ordinary loss (after offsetting and reducing OID for such periods). Ordinary loss is recognized only to the extent of OID accrued in prior years, with any further excess being carried forward to offset OID accruals in future taxable years or as a reduction in the amount realized upon sale maturity or other disposition of the Contingent Debt Obligation. US Holders therefore might be required to recognize income greater or less than the interest and other cash payments on the Contingent Debt Obligations.

The OID rules do not treat Notes as having OID by reason of the contingent US dollar values of payments on Notes denominated in a single currency other than US dollars. US Holders of Contingent Debt Obligations denominated in a single currency other than US dollars generally are required to accrue interest at a comparable yield in units of foreign currency and translate OID into US dollars in accordance with the rules for accrual basis taxpayers. Special rules apply to the conversion of adjustments.

Gain on the sale or other disposition of a Contingent Debt Obligation generally will be treated as ordinary income from sources outside of the United States. Loss will be treated as ordinary loss to the extent of prior net interest inclusions and capital loss to the extent of any excess. Loss generally would be treated as arising from foreign sources.

### **Optional redemption**

Generally, if the Issuer has an option to redeem a Note or a US Holder has an option to cause a Note to be repurchased prior to the Note's stated maturity, the option will be presumed to be exercised if, utilizing an early redemption or repurchase and the amount payable on such date, the yield on the Note would (i) in the case of an option of the Issuer, be lower than its yield to stated maturity, or (ii) in the case of an option of the US Holder, be higher than its yield to stated maturity. A determination of the payment schedule most likely to occur is binding upon all US Holders of the Notes except for a US Holder that explicitly discloses on its US federal income tax return for the taxable year in which it acquired the Note that it has determined the yield and maturity of the Note on a different basis. If the option is not exercised when presumed to be exercised, the Note would be treated as if it were repurchased or redeemed and a new

Note were issued on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date.

### **Market discount**

If the stated redemption price at maturity of a Note exceeds a US Holder's tax basis in the Note by more than a de minimis amount, the Note (other than a Short-Term Note) will have market discount. A Note generally will not have market discount if such excess is less than  $\frac{1}{4}$  of 1% of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity.

Generally, a US Holder will treat gain that it recognizes on the sale or other disposition of a Note as ordinary income to the extent of the market discount accrued while such US Holder held the Note. Alternatively, a US Holder may elect to report accrued market discount as income annually over the term of the Note. If a US Holder makes this election, it will apply to all debt instruments with market discount that the electing US Holder holds or acquires as of the beginning of that taxable year. A US Holder may not revoke this election without the consent of the IRS.

A US Holder will accrue market discount on a Note on a straight-line method unless it elects a constant-yield method. If a US Holder makes this election, it will apply only to the Note with respect to which it is made and the US Holder may not revoke it.

Furthermore, unless a US Holder elects to include market discount in income on a current basis as described above, a US Holder of a Note having market discount may be required to defer the deduction of all or a portion of the interest expense on any debt incurred or maintained to purchase or carry such Note.

In the case of a Note denominated in a currency other than US dollars, (i) market discount is determined in units of the relevant foreign currency, (ii) accrued market discount required to be taken into account on the maturity or earlier disposition of a Note is translated into US dollars at the spot rate on maturity or earlier date of disposition of the Note (and no part of such market discount is treated as exchange gain or loss), and (iii) accrued market discount currently includible in income by a US Holder is translated into US dollars at the average exchange rate for the accrual period, and exchange gain or loss is determined on the maturity or earlier date of disposition of the Note in the manner described in "*Foreign Currency Notes*" above, with respect to computation of exchange gain or loss on the receipt of accrued interest.

### **Bond premium**

A US Holder that has a tax basis in a Note that is greater than its principal amount may elect to treat the excess as amortizable bond premium. If a US Holder makes this election, it will reduce the amount required to be included in income each year with respect to interest on the Note by the amount of amortizable bond premium allocable to that year. If a US Holder makes an election to amortize bond premium, it will apply to all the debt instruments of a US Holder with bond premium that the electing US Holder holds or acquires as of the beginning of that taxable year. A US Holder may not revoke this election without the consent of the IRS.

In the case of a Note denominated in a currency other than US dollars, bond premium is computed in units of the relevant foreign currency and amortizable bond premium reduces interest income in units of such foreign currency. At the time amortizable bond premium offsets interest income, foreign currency exchange gain or loss (taxable as ordinary income or loss, but not generally as interest income or expense) is realized based on the difference between spot rates at that time and at the time of the acquisition of the Note.

If a Note can be optionally redeemed after the US Holder acquires it at a price in excess of its principal amount, special rules would apply that could result in a deferral of the amortization of some bond premium until later in the term of the Note.

With respect to a holder that does not elect to amortize bond premium, the amount of bond premium constitutes a capital loss when the bond matures. In the case of a Note denominated in a currency other than US dollars, foreign currency exchange gain or loss with respect to the premium is realized based on the difference between the spot rates on the sale or other disposition of the Note and at the time of the acquisition of the Note. In such case, the amount of any capital loss relating to the premium may be offset or eliminated by exchange gain.

Special rules apply to Notes issued with OID that are purchased at a premium.

### **Disposition of the notes**

A US Holder generally will recognize capital gain or loss upon a sale or other disposition of a Note in an amount equal to the difference between the amount realized from such disposition (less any accrued unpaid qualified stated interest, which will be taxable as such to the extent not previously included in income) and the US Holder's adjusted tax basis in the Note. Gain or loss on the sale or other disposition of the Note generally will be long-term capital gain or loss if the Note has been held for more than a year. Special rules apply to gains or losses on Contingent Debt Obligations as described above.

A US Holder's adjusted tax basis in a Note generally will equal the US Holder's cost of the Note, increased by any accrued market discount or OID included in income and decreased by the amount of any amortized bond premium or payment (other than qualified stated interest) received with respect to the Note. The cost of a Note denominated in a currency other than US dollars will be the US dollar value of the currency on the date of purchase determined at the spot rate.

A US Holder that receives currency other than US dollars upon sale or other disposition of the Notes will realize an amount equal to the US dollar value of the currency on the date of sale. If the Notes are traded on an established securities market, a cash basis US Holder or electing accrual basis taxpayer will determine the amount realized on the settlement date. A US Holder will have a tax basis in the currency equal to the US dollar amount realized. Any gain or loss realized by a US Holder on a subsequent conversion of currency for US dollars will be US source ordinary income or loss.

The election available to accrual basis US holders in respect of the sale of Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

In the case of a Note denominated in a currency other than US Dollars, to the extent recognized gain or loss is attributable to changes in the exchange rates with respect to the relevant foreign currency between the date of acquisition and disposition of the Note, the exchange gain or loss will be treated as US source ordinary income or loss and generally will not be considered additional interest income or expense. However, exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction. Generally, any gain or loss realized on the transaction in excess of such exchange gain or loss will be US source capital gain or loss and will be long-term capital gain or loss if the Note has been held for more than one year.

For US federal income tax purposes, a substitution of obligors under the Notes, as described under Condition 15 (*Substitution of the Issuer*), may be treated as a deemed taxable exchange of Notes for new Notes issued by the Substituted Debtor. If the substitution of obligors were treated as a deemed taxable exchange, a US Holder generally would recognize capital gain or loss in an amount equal to the difference between the issue price of the new Notes and the US Holder's adjusted tax basis in the Notes. In addition, other possible adverse tax consequences may apply. US Holders should consult their own tax advisers regarding the US federal income tax consequences of a deemed taxable exchange in the event of a substitution of obligors.

## **Medicare Contribution Tax**

Interest (including OID, if any) received on a Note and gain realized on the disposition of a Notes will generally be includible in "net investment income" for purposes of the Medicare contribution tax imposed on certain individuals, estates and trusts.

## **Information reporting and backup withholding**

Payments of interest (including OID, if any), principal, premium, or the proceeds from sale of Notes that are made within the United States or through certain US related financial intermediaries may be reported to the IRS unless the Holder is a US Holder that is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if a US Holder fails to provide an accurate taxpayer identification number, or to otherwise establish a basis for exemption. A US Holder can claim a credit against US federal income tax liability for amounts withheld under the backup withholding rules, and it can claim a refund of amounts in excess of its liability by providing required information to the IRS in a timely manner. Prospective investors should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

Certain US Holders are required to report information with respect to their investment in Notes not held through an account with a US financial institution to the IRS. Investors who fail to report required information are subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors regarding the implications of this legislation on their investment in Notes.

A US Holder may be required specifically to report a sale, retirement or other taxable disposition of Notes to the IRS if it recognizes a loss over a threshold amount, including a foreign currency loss from a single transaction that exceeds, in the case of an individual or trust, US\$50,000 in a single taxable year or, in other cases, various higher thresholds. US Holders that recognize a loss on a Note should consult their tax advisors.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES.**

## BENEFIT PLAN INVESTOR CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan (a "**plan**") subject to the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), should consider the fiduciary standards of ERISA in the context of the plan's particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the plan, and whether the investment would involve a prohibited transaction under Section 406 of ERISA or Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**Code**").

Section 406 of ERISA and Section 4975 of the Code prohibit plans, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Code (also "**plans**") from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code ("**parties in interest**") with respect to the plan or account. A violation of these prohibited transaction rules may result in civil penalties or other liabilities under ERISA and/or an excise tax under Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Certain employee benefit plans and arrangements including those that are governmental plans (as defined in section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-US plans (as described in Section 4(b) (4) of ERISA) ("**non-ERISA arrangements**") are not subject to the requirements of Section 404 of ERISA or Section 4975 of the Code but may be subject to similar provisions under applicable federal, state, local, non-US or other regulations, rules or laws ("**similar laws**").

The acquisition of the Notes by a plan with respect to which the Issuer or certain of its affiliates is or becomes a party in interest may constitute or result in a prohibited transaction under Section 404 of ERISA or Section 4975 of the Code, unless those Notes are acquired pursuant to and in accordance with an applicable exemption. The US Department of Labor has issued prohibited transaction class exemptions, or "**PTCEs**", that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of the Notes. These class exemptions (as may be amended from time to time) include, without limitation: (1) PTCE 84-14, an exemption for certain transactions determined or effected by independent qualified professional asset managers; (2) PTCE 90-1, an exemption for certain transactions involving insurance company pooled separate accounts; (3) PTCE 91-38, an exemption for certain transactions involving bank collective investment funds; (4) PTCE 95-60, an exemption for transactions involving certain insurance company general accounts; and (5) PTCE 96-23, an exemption for plan asset transactions managed by in-house asset managers. In addition, ERISA Section 408(b) (17) and Section 4975(d)(20) of the Code provides a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any plan involved in the transaction and provided further that the plan pays not more than adequate consideration in connection with the transaction (the so-called "service provider exemption"). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving the Notes.

Accordingly, the Notes may not be purchased or held by (1) any plan, (2) any entity whose underlying assets include, or are deemed for purposes of ERISA or the Code to include "plan assets" by reason of any plan's investment in the entity (a "**plan asset entity**") or (3) any person investing "plan assets" of any plan, unless in each case the purchaser or Holder is eligible for exemptive relief. Any purchaser or Holder of the Notes or any interest in the Notes will be deemed to have represented by its purchase and holding of the Notes that either (1) it is not a plan or a plan asset entity and is not purchasing those Notes on behalf of or with "plan assets" of any plan or plan asset entity or (2) such purchase and holding of the

Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. In addition, any purchaser or Holder of the Notes or any interest in the Notes which is a non-ERISA arrangement will be deemed to have represented by its purchase and holding of the Notes that its purchase and holding will not violate the provisions of any similar law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing the Notes on behalf of or with "plan assets" of any plan, plan asset entity or non-ERISA arrangement consult with their counsel regarding the availability of exemptive relief under any of the PTCEs listed above or any other applicable exemption, or the potential consequences of any purchase or holding under similar laws, as applicable.

Each purchaser and Holder of the Notes has exclusive responsibility for ensuring that its purchase and holding of the Notes does not violate the prohibited transaction rules of ERISA, the Code or any similar laws. The sale of any Notes to a plan, plan asset entity or non-ERISA arrangement is in no respect a representation by the Issuer or any of its affiliates or representatives that such an investment meets all relevant requirements with respect to plans, plan asset entities or non-ERISA arrangements generally or any particular plan, plan asset entity or non-ERISA arrangement, or that such an investment is appropriate for plans, plan asset entities or non-ERISA arrangements generally or any particular plan, plan asset entity or non-ERISA arrangement.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL ERISA AND OTHER US MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISORS ABOUT THE CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES.**

## PLAN OF DISTRIBUTION

The Notes are being offered on a continuous basis for sale by (i) the Issuer through an agent acting as principal for its own account for resale to investors and other purchasers, to be determined by such agent or (ii) the Issuer, who has reserved the right to sell, solicit and accept offers to purchase, Notes directly on its own behalf. Any such agent would be appointed in accordance with a Private Placement Agreement, (each an "**Agent**"), in which it would agree to solicit offers to purchase the Notes pursuant to a Private Placement Agreement or such other arrangements as may be entered into from time to time, if applicable. The Issuer will pay the applicable Agent a commission which will equal a percentage of the principal amount of any such Note sold through such Agent or such other commissions as may be agreed from time to time between the Issuer and such Agent. The Issuer may also sell Notes to an Agent, as principal, at a discount from the principal amount thereof, and such Agent may later resell such Notes to investors at varying prices related to prevailing market prices at the time of sale as determined by such Agent. The Issuer may also sell Notes directly to, and may solicit and accept offers to purchase directly from, investors on its own behalf in those jurisdictions where it is authorized to do so.

ABN AMRO Bank is not a registered broker-dealer in the United States and, therefore, to the extent that it intends to effect any offers or sales of the Notes in the United States, it will do so through ABN AMRO Securities (USA) LLC or another U.S. registered broker-dealer in accordance with applicable securities laws and as permitted by FINRA regulation. Accordingly, ABN AMRO Bank, as Agent, will offer and sell Notes outside the United States only.

In addition, an Agent may offer any such Notes it has purchased as principal to other Agents. An Agent may sell Notes to any Agent at a discount. Unless otherwise indicated in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, any Note sold to an Agent as principal will be purchased by such Agent at a price equal to 100% of the principal amount thereof less a commission to be agreed, and may be resold by such Agent to investors and other purchasers from time to time in one or more transactions, including negotiated transactions, at a fixed offering price or at varying prices determined at the time of sale or may be resold to certain Agents as described above. After the initial offering of Notes to be resold to investors and other purchasers on a fixed offering price basis, the offering price, concession and discount may be changed.

The Issuer reserves the right to withdraw, cancel or modify the offer made hereby without notice and may reject orders in whole or in part whether placed directly with the Issuer or through an Agent. Each Agent will have the right, in its discretion reasonably exercised, to reject any offer to purchase Notes received by it, in whole or in part.

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

None of the Issuer or, to the extent so appointed, Agents, makes any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraph may have on the price of notes. In addition, neither the Issuer nor any of the Agents makes any representation that such Agents will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

The Issuer has agreed to indemnify any Agents severally against and to make contributions relating to certain liabilities, including liabilities under the Securities Act. An Agent appointed under this Program may engage in transactions with, or perform services for, the Issuer in the ordinary course of business.

Prior to the offering of a particular issuance of Notes, there may not be an active markets for such Notes. From time to time, an Agent appointed under this program may make a market in the Notes as permitted by applicable laws and regulations, but any such Agent will have no obligation to do so, and any such market making activities with respect to the Notes may be discontinued at any time without notice. There can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops.

Certain of the Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In the ordinary course of their business activities, some of the Agents or their affiliates may have, directly or indirectly, performed investment and/or commercial banking or financial advisory services for ABN AMRO Bank or its affiliates, for which they may have received customary fees and commissions, and they expect to provide these services to ABN AMRO Bank and its affiliates in the future, for which they may also receive customary fees and commissions. In addition, in the ordinary course of their business activities, the Agents and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Agents or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Agents and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Program. Any such short positions could adversely affect future trading prices of Notes issued under the Program. The Agents and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and financial instruments.

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any State or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are being offered hereby only (A) to QIBs within the meaning of 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\$200,000 (or the equivalent thereof in another currency or composite currency, or in the case of Foreign Currency Notes, 1,000 units of such currency, if such Notes are clearing through DTC) but so that in no event the minimum denomination will be lower than EUR 100,000.



Prior to any issuance of Notes in reliance on Regulation S, each Agent appointed under this program will be required to represent and agree that:

***Public Offer Selling Restriction***

1. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), that with effect from and including the date (the "**Relevant Implementation Date**") on which the Prospectus Directive is implemented in that Relevant Member State, it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of the previous paragraph, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable a prospective investor to decide to purchase or subscribe to the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State.

2. In relation to each Tranche of Notes to be issued by the Issuer under the Program, each of the Dealers has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the SFO (Cap. 571) of Hong Kong (the "**SFO**"), other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "Prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the

securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

3. This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"). 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 to be issued from time to time by the Issuer under the Program 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 any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the applicable conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) 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 of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

4. The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan Act No. 25 of 1948, or "the Financial Instruments and Exchange Law" and each Agent has agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of,

any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

5. With respect to offers and sales outside the United States, the Issuer will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from them during the distribution compliance period (as defined in Regulation S) a confirmation or notice substantially to the following effect:

"The Notes covered hereby have not been registered under the US Securities Act of 1933 and may not as a matter of US law be offered and sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S (or Rule 144A, if available) under the Securities Act. Terms used above have the meaning given to them by Regulation S".

Until the expiration of the period ending 40 days after the later of the commencement of the offering and the date of issue of the Notes, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from Registration under the Securities Act. Furthermore, if any such Notes are sold within the United States or to, or for the account or benefit of, a US person (as defined in Regulation S) pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act, such person (i) must hold its interest in the Notes offshore through Euroclear or Clearstream, Luxembourg, as the case may be, until the expiration of the distribution compliance period (as defined in Regulation S) and (ii) upon the expiration of such distribution compliance period, must certify that it bought such Notes pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act.

6. With respect to offers and sales in the United Kingdom, each Agent appointed under this Program will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 2 of the Financial Services and Markets Act 2000 of England and Wales (the "FSMA") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not apply to the Issuer if it were not an authorized person; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

7. Each Agent appointed under this Program will be required to agree that it will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms and/or Pricing Term Sheet in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

- (a) such offer is made exclusively to legal entities which are qualified investors (as defined in the Wft and which includes authorized discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or
- (b) standard exemption logo and wording are disclosed as required by article 5:20(5) of the Wft; or
- (c) such offer is otherwise made in circumstances in which article 5:20(5) of the Wft is not applicable,

provided that no such offer of Notes shall require the Issuer or any Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) an "**offer of Notes to the public**" in relation to any Notes in The Netherlands; and (ii) "**Prospectus Directive**", have the meaning given to them above in paragraph 1.

8. This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Each Agent appointed under the Program will be required to represent and agree that it will (a) only offer or sell the Notes in, into or from Switzerland in compliance with all applicable laws and regulations in force in Switzerland and (b) to the extent necessary, obtain any consent, approval or permission required, for the offer or sale by it of the Notes under the laws and regulations in force in Switzerland.

9. Each Agent appointed under the Program will be required to represent and agree with the Issuer that (i) this Base Prospectus will not be registered as a prospectus in terms of the South African Companies Act, 2008 (the "**SA Companies Act**") in South Africa and as such, any offer of the Notes in South Africa will not be an offer to the public as contemplated under the SA Companies Act and may only be made to persons falling within the categories of persons listed in section 96(1) of the SA Companies Act and (ii) any offer or sale of the Notes shall be subject to compliance with South African exchange control regulations.

10. The Notes have not been and will not be registered under the Securities and Exchange Act of Korea and each Agent appointed under the Program will be required to represent and Agree that none of the Notes may be offered or sold, directly or indirectly, in Korea or to any resident of Korea or to any persons for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its Enforcement Decree) except pursuant to an

exemption from the registration requirements of the Securities and Exchange Act of Korea available thereunder and/or in compliance with applicable laws and regulations of Korea.

11. Each Agent appointed under the Program will be required to represent and agree that it will comply with all laws, regulations and guidelines applicable to the offering of Notes in Norway.

12. Each Agent appointed under this Program will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Agent appointed under the Program shall have any responsibility therefor.

The Issuer and any Agent appointed under the Program represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Agent will be required to comply with such other restrictions as the Issuer and the relevant Agent shall agree and as shall be set out in the applicable Final Terms and/or Pricing Term Sheet.

There is no undertaking to register the Notes hereafter and they cannot be resold except pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Each purchaser of the Notes offered hereby in making its purchase shall be deemed to have made the acknowledgments, representations and agreements as set forth under "*Notice to Purchasers*".

## **LEGAL MATTERS**

Certain matters with respect to the establishment of the Program and the issue of the Notes thereunder have been passed upon for the Issuer by its United States and Dutch counsel, Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ, United Kingdom. Certain legal matters relating to establishment of the Program and the issue of Notes thereunder have been passed upon for the Agents by their U.S. counsel, Sidley Austin LLP, Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA, United Kingdom and their Dutch counsel, Allen & Overy LLP, Apollolaan 15, 1077 AB Amsterdam, The Netherlands.

## GENERAL INFORMATION

### Authorization

The establishment of, and the issue of Notes under, the Program have been duly authorized by a resolution of the Supervisory Board and Managing Board of the Issuer dated 6 April 2010 and 10 May 2010, respectively. All consents, approvals, authorizations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Amended and Restated Private Placement Agreement, the Senior Notes Agency Agreement, the Subordinated Notes Agency Agreement and the Notes.

### Corporate information

ABN AMRO Bank N.V. was incorporated on 9 April 2009. ABN AMRO Bank N.V. is a private limited liability company incorporated under the laws of The Netherlands and has its statutory seat in Amsterdam, The Netherlands and its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands. ABN AMRO Bank N.V. is registered with the Trade Register of the Chamber of Commerce under number 34334259.

### Shareholder and change of control

ABN AMRO Group N.V. is ABN AMRO Bank's sole shareholder. Following the Legal Merger, ABN AMRO Bank is the only direct subsidiary of ABN AMRO Group N.V. and ABN AMRO Group N.V. has no significant activities other than holding the shares in ABN AMRO Bank. The managing board and the supervisory board of ABN AMRO Group N.V. are composed of the same members as ABN AMRO Bank. See "*The Issuer—3. Management and Governance*".

On 11 March 2013, ABN AMRO Group N.V. exercised the call option to repurchase EUR 210 million preference shares in the share capital of ABN AMRO Group N.V. held by ABN AMRO Preferred Investments B.V. in accordance with the announcement made on 1 March 2013. The transaction was settled that same day. ABN AMRO Group N.V. cancelled the repurchased shares in May 2013. The repurchase of the preference shares resulted in a simplification of the shareholder structure of ABN AMRO Group N.V. As a result of the transaction, NLF I is the sole shareholder of ABN AMRO Group N.V. by holding all ordinary shares in its share capital. See "*The Issuer—3. Management and Governance*".

### Listing

Application has been made to Euronext in Amsterdam for Notes issued under the Program and up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading and to be listed on Euronext in Amsterdam.

### Documents available

So long as Notes are capable of being issued under the Program, copies of the following documents will, when published, be available, free of charge, from the registered office of the Issuer:

- (i) an English translation of the most recent Articles of Association of the Issuer;
- (ii) copies of the documents listed under "*Documents Incorporated by Reference*";

- (iii) the most recently available audited financial statements of ABN AMRO Group N.V. and the most recently available unaudited interim financial statements of ABN AMRO Group N.V.;
- (iv) the Senior Notes Agency Agreement (which contains the forms of the Senior Notes);
- (v) the Subordinated Notes Agency Agreement (which contains the forms of the Subordinated Notes);
- (vi) a copy of this Base Prospectus and any supplements thereto; and
- (vii) in the case of each issue of listed Notes subscribed, the applicable Final Terms and/or Pricing Term Sheet.

A copy of the 403 Declaration is available for inspection at the Trade Register of the Chamber of Commerce, De Ruyter Kade 5, PO Box 1000 CW, Amsterdam, The Netherlands.

## Notices

All notices regarding the Notes shall be in accordance with any applicable rule or regulation or decree by a governmental body and the rules and customary procedures of the Stock Exchange or applicable clearing system and need not be given by mail unless required by the rules of the Stock Exchange or applicable clearing system. See also Condition 12 (*Notices*).

## Information Sourced from a third party

All information presented in this Prospectus sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading.

## Issuer ratings

Credit rating agencies periodically review the creditworthiness and publish ratings which assess the level of risk attached to debt instruments. Credit ratings on ABN AMRO Bank N.V. (or their legal predecessors) are presented in the table below.

<b>Corporate rating</b>	<b>S&amp;P</b>	<b>Moody's</b>	<b>Fitch</b>	<b>DBRS</b>
Long term credit rating	A	A2	A+	A(high)
Outlook long term credit rating	Stable	Negative	Negative	Stable
Short term credit rating	A-1	P-1	F1+	R-1(middle)

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Notes issued under this Program may be rated or unrated. Subordinated Notes issued under the Program may be lower rated than the corporate rating on ABN AMRO Bank N.V.

## Clearing and settlement systems

The Notes may be accepted for clearance through DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system (which will be the entity in charge of keeping the records). The appropriate CUSIP number, together with ISIN's and Common Codes, if applicable, will be contained in the Pricing Term Sheet or Final Terms, as the case may be, relating thereto. The applicable Pricing Term Sheet or



Final Terms, as the case may be, shall specify each clearing system which has accepted the relevant Notes for clearance together with any further appropriate information. See also the more detailed discussion of settlement arrangements for the Notes under "*Book Entry, Delivery, Form and Settlement—Global clearance and settlement*".

The address of DTC is 55 Water Street, New York, New York 10041, USA, the address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

### **Conditions for determining price**

The price and amount of any issue of Notes to be issued under the Program will be determined by the Issuer and the relevant Agent at the time of issue in accordance with prevailing market conditions.

### **Significant or material change**

There has been no (i) material adverse change in the Issuer's prospects or (ii) significant change in the financial position of the Issuer and its subsidiaries since 31 December 2013.

There has been no (i) material adverse change in the ABN AMRO Group's prospects or (ii) significant change in the financial position of the ABN AMRO Group and its subsidiaries since 31 December 2013.

### **Independent Auditor**

The consolidated annual financial statements of ABN AMRO Group N.V. as of 31 December 2013, and for the year then ended, incorporated by reference in this Base Prospectus, have been audited by KPMG Accountants N.V., independent auditors ("**KPMG**"), as stated in their report appearing herein. The consolidated annual financial statements of ABN AMRO Group N.V. as of 31 December 2012 (including the comparative 2011), and for the year then ended, incorporated by reference in this Base Prospectus, have been audited by KPMG, as stated in their report appearing herein. The individual auditors of KPMG are members of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*). KPMG has given, and has not withdrawn, its consent to the inclusion of its report in this Base Prospectus in the form and context in which it is included. As the offered Notes have not been and will not be registered under the Securities Act of 1933, KPMG Accountants N.V. has not filed a consent under the Securities Act of 1933.

### **Post-issuance information**

Save as set out in the Final Terms and/or Pricing Term Sheet and other information described under "*Available Information*", the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

### **Substitution of the Issuer**

The Issuer may, under certain conditions as set out in Condition 15 (*Substitution of the Issuer*), be replaced and substituted by either (a) any directly or indirectly wholly owned subsidiary of the Issuer or (b) in the case of Senior Notes only, ABN AMRO Group N.V.

## **Legal and arbitration proceedings**

ABN AMRO is involved in a number of governmental, legal and arbitration proceedings in the ordinary course of its business in a number of jurisdictions, including those set out in "*The Issuer—1. ABN AMRO Bank N.V.—1.7 Legal and arbitration proceedings*". However, on the basis of information currently available, and having taken legal counsel with advisors, ABN AMRO is of the opinion that it is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ABN AMRO or the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of ABN AMRO, the Issuer and/or its subsidiaries.

## SELECTED DEFINITIONS AND ABBREVIATIONS

### Definitions

In this Base Prospectus, unless the context otherwise requires:

"**2010 PD Amending Directive**" means Directive 2010/73/EU.

"**403 Declaration**" refers to 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*).

"**AACF**" refers to ABN AMRO Commercial Finance B.V.

"**AAHG**" refers to ABN AMRO Hypotheken Groep B.V.

"**ABN AMRO**" or the "**Group**" refers to ABN AMRO Group N.V. incorporated on 18 December 2009 ("**ABN AMRO Group**") and its consolidated subsidiaries.

"**ABN AMRO Bank**" or the "**Issuer**" refers to ABN AMRO Bank N.V. incorporated on 9 April 2009 (formerly known as "ABN AMRO II N.V.").

"**ABN AMRO Bank Standalone**" refers to ABN AMRO Bank N.V. in the period between the Legal Demerger on 6 February 2010 and the Legal Merger on 1 July 2010, which contained the businesses of ABN AMRO Holding acquired by the Dutch State.

"**ABN AMRO Clearing**" refers to ABN AMRO Clearing Bank N.V.

"**ABN AMRO Groenbank**" refers to ABN AMRO Groenbank B.V.

"**ABN AMRO Holding**" refers to ABN AMRO Holding N.V. and its consolidated subsidiaries which was acquired by the Consortium and renamed RBS Holdings N.V. upon the Legal Separation. "**RBS Holdings N.V.**" is part of The Royal Bank of Scotland Group plc.

"**ABN AMRO Lease**" refers to ABN AMRO Lease N.V.

"**ABN AMRO Verzekeringen**" refers to Delta Lloyd ABN AMRO Verzekeringen Holding B.V.

"**AFM**" refers to the Dutch *Stichting Autoriteit Financiële Markten*.

"**Ageas**" refers to ageas SA/NV (formerly known as "Fortis SA/NV") and ageas N.V. (formerly known as "Fortis N.V.") together.

"**Agent**" refers to any agent under this Program appointed by the Issuer from time to time.

"**Alfam**" refers to Alfam Holding N.V.

"**ALM/T**" refers to ALM/Treasury.

"**Annual Report 2013**" refers to ABN AMRO Group N.V.'s Annual Report 2013.

"**AuM**" refers to assets under management.

"**Bail-In Tool**" refers to the power provided to resolution authorities by the BRRD to ensure that capital instruments and eligible liabilities absorb losses at the point of non-viability of the issuing institution, through the write-down or conversion of equity of such instruments.

"**Banque Neuflyze OBC**" refers to Banque Neuflyze OBC S.A.

"**Basel Committee**" refers to the Basel Committee on Banking Supervision.

"**Basel III Final Recommendations**" refers to the proposals of the Basel Committee set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011.

"**Beneficial**" refers to a owner of beneficial interests in a Global Certificate.

"**Bethmann**" refers to Bethmann Bank AG.

"**BLMIS**" refers to Bernard L. Madoff Investment Securities.

"**BRRD**" means any relevant laws and regulations applicable to the Issuer at the relevant time pursuant to, or which implement, or are enacted within the context of, the Directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as adopted by the European Parliament on 15 April 2014 (subject to formal adoption by the Council), or any other resolution or recovery rules which may from time to time be applicable to the Issuer.

"**C&MB**" refers to Commercial & Merchant Banking.

"**CCPs**" refers to central counterparties.

"**Clearstream, Luxembourg**" refers to Clearstream Banking, *société anonyme*.

"**CFTC**" refers to the U.S. Commodity Futures Exchange Commission.

"**Code**" refers to of the US Internal Revenue Code of 1986, as amended.

"**Consolidated Annual Financial Statements 2012**" refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2012 (as set out on pages 217 through 223 in relation to the financial statements 2012, including the notes to the financial statements as set out on pages 224 through 335 and the information marked as audited in Chapter 17 (*Risk management*) on pages 128 through 185, in Chapter 18 (*Capital management*) on pages 186 through 195, in Chapter 19 (*Liquidity & funding*) on pages 196 through 208 and in Chapter 20 (*Securitisation*) on pages 209 through 214 and the auditors' report thereon on pages 339 and 340, all as included in ABN AMRO Group N.V.'s Annual Report 2012).

"**Consolidated Annual Financial Statements 2013**" refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2013 (as set out on pages 243 through 251 in relation to the financial statements 2013, including the notes to the financial statements as set out on pages 252 through 366 and the information marked as audited in Chapter 15 (*Risk management*) on pages 132 through 213, in Chapter 16 (*Capital management*) on pages 214 through 222, in Chapter 17 (*Liquidity & funding*) on pages 223 through 237 and in Chapter 18 (*Securitisation*) on pages 238 through 242 and the auditors' report thereon on pages 370 through 373, all as included in ABN AMRO Group N.V.'s Annual Report 2013).

"**Consortium**" refers to The Royal Bank of Scotland Group plc, Ageas and Banco Santander S.A. which jointly acquired ABN AMRO Holding on 17 October 2007 through RFS Holdings B.V. ("**RFS Holdings**").

"**Council**" refers to the Council of the European Union.

"**CRA Regulation**" refers to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

"**CRD**" refers to the Capital Requirements Directives.

"**CRD IV**" refers to together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations.

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

"**CRD IV Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended from time to time);

"**CRD IV Regulation**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as amended from time to time); and

"**Credit Umbrella**" refers to a financial guarantee that covered part of the potential credit losses on the portfolio existing at the time of the closing of the transaction, included in the sale of the EC Remedy Businesses to Deutsche Bank.

"**DBRS**" refers to DBRS Rating Limited.

"**Definitive Note**" refers to a Note in individual certificated registered form.

"**DNB**" refers to The Dutch Central Bank (*De Nederlandsche Bank N.V.*).

"**Dodd-Frank Act**" refers to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

"**DTC**" refers to The Depository Trust Company.

"**DTC Global Certificate**" refers to a DTC Regulation S Global Certificate together with any Rule 144A Global Certificate.

"**DTC Regulation S Global Certificate**" refers to a 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.

"**Dutch Intervention Act**" refers to the Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*).

"**Dutch State**" refers to the State of The Netherlands.

"**EC**" refers to the European Commission.

"**EC Remedy**" refers to the divestment of the EC Remedy Businesses by ABN AMRO Bank Standalone in order to satisfy the conditions imposed by the European Commission for approval of the integration of FBN with ABN AMRO Bank Standalone through the Legal Merger.

"**EC Remedy Businesses**" refers to New HBU II N.V. and IFN Finance BV.

"**ECB**" refers to the European Central Bank.

"**ECT**" refers to Energy, Commodities & Transportation.

"**EMIR**" refers to the European Market Infrastructure Regulation.

"**ERISA**" refers to the US Employee Retirement Income Security Act of 1974, as amended.

"**Euro Regulation S Global Certificate**" refers to a Global Certificate representing Notes sold pursuant to an offering made outside the United States.

"**Euroclear**" refers to Euroclear Bank S.A./N.V.

"**Euronext in Amsterdam**" refers to NYSE Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V.

"**Exchange Act**" refers to the United States Securities Exchange Act of 1934, as amended.

"**FATCA**" refers to sections 1471-1474 of the United States Internal Revenue Code of 1986 enacted by the United States as part of the HIRE Act in March 2010 (commonly referred to as Foreign Account Tax Compliance Act).

"**FBN**" refers to the legal entity Fortis Bank (Nederland) N.V., previously named "Fortis Bank Nederland (Holding) N.V.", which merged with ABN AMRO Bank Standalone pursuant to the Legal Merger.

"**FFI**" refers to a non-US financial institution.

"**FFI Agreement**" refers to an agreement concluded between the FFI and the IRS, under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements.

"**Final Terms**" refers to a final terms document with respect to Notes to be listed on Euronext in Amsterdam, substantially in the form set out herein.

"**Finance**" refers to Finance, an area of Group Functions.

"**Fitch**" refers to Fitch Ratings Ltd.

"**Foreign Currency Notes**" refers to Notes not denominated in US dollars

"**Former ABN AMRO Group**" refers to the former group of ABN AMRO headed by ABN AMRO Holding N.V. as acquired on 17 October 2007 by the Consortium through RFS Holdings.

"**Former Fortis group**" refers to the former group of companies headed by Fortis SA/NV (renamed "ageas SA/NV") and Fortis N.V. (renamed "ageas N.V.").

"**Future Capital Instruments Regulations**" means any regulatory capital rules implementing the CRD IV Regulation or the CRD IV Directive which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards or implementing technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by DNB, the European Banking Authority or other Relevant Regulator, which are applicable to the Issuer (on a solo or consolidated basis) and which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive.

"**Global Certificate**" refers to a Note issued in global registered form.

"**IASB**" refers to International Accounting Standards Board.

"**ICAAP**" refers to internal capital adequacy assessment process.

"**ICS**" refers to International Card Services B.V.

"**IFRS**" refers to International Financial Reporting Standards.

"**IFRS-EU**" refers to International Financial Reporting Standards as adopted by the European Union.

"**IGA**" refers to an Inter-governmental Agreement between the local Government in a so called IGA jurisdiction and the US to facilitate the implementation of FATCA.

"**Investor's Currency**" refers to the currency or currency unit in which an investor's financial activities are principally denominated.

"**IPO**" refers to an Initial Public Offering.

"**IRS**" refers to the United States Internal Revenue Service.

"**KID**" refers to a standard key information document.

"**KPMG**" refers to KPMG Accountants N.V., independent auditors.

"**LC&MB**" refers to Large Corporates & Merchant Banking.

"**Legal Demerger**" refers to the legal demerger effectuated on 6 February 2010 in accordance with the demerger proposal filed with the Amsterdam Chamber of Commerce on 30 September 2009, thereby demerging the majority of the Dutch State acquired businesses formerly held by RBS N.V. into ABN AMRO Bank Standalone.

"**Legal Merger**" refers to the legal merger effectuated on 1 July 2010 between ABN AMRO Bank Standalone and FBN. ABN AMRO Bank Standalone was the surviving entity and FBN was the disappearing entity.

"**Legal Separation**" refers to the transfer on 1 April 2010 of the shares of ABN AMRO Bank Standalone from ABN AMRO Holding to ABN AMRO Group N.V.

"**Managing Board**" refers to ABN AMRO's managing board.

"**MCI**" refers to Maas Capital Investments B.V.

"**MiFID**" refers to the Markets in Financial Instruments Directive 2004/39/EC.

"**MiFID II**" refers to the updated rules for markets in financial instruments adopted by the European Parliament on 15 April 2014.

"**MoneYou**" refers to MoneYou B.V.

"**Moody's**" refers to Moody's Investors Service, Limited.

"**Moratorium**" refers to the situation that a competent court has declared that the Issuer is in a situation which requires special measures (*noodregeling*) in the interests of all creditors, as referred to in Chapter 3.5.5 of the Wft.

"**MTF**" refers to Multilateral Trading Facility.

"**Neuflize Vie**" refers to Neuflize Vie S.A.

"**NLFI**" refers to *Stichting administratiekantoor beheer financiële instellingen* (trade name NL Financial Investments).

"**non-ERISA arrangement**" refers to a governmental, church or other plan subject to provisions under similar law.

"**Notes**" refers to the Senior Notes and the Subordinated Notes together.

"**NSS**" refers to New Safekeeping Structure.

"**OTC**" refers to over-the-counter.

"**OTF**" refers to Organised Trading Facility.

"**PFS**" refers to Prime Fund Solutions.

"**PR&I**" refers to People, Regulations & Identity, an area of Group Functions.

"**Pricing Term Sheet**" refers to a pricing term sheet relating to a Tranche of Notes to be sold in the United States.

"**PRIPS**" refers to Packaged Retail Investment Products.

"**Program**" refers to this Debt Issuance Program.

"**Prospectus Directive**" refers to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State).

"**PSD 2**" refers to a revised Payment Services Directive proposed by a legislative package in the field of the EU payments framework adopted by the European Commission on 24 July 2013.



"**QIBs**" refers to "qualified institutional buyers" as defined in Rule 144A.

"**R&PB**" refers to Retail & Private Banking.

"**RBS N.V.**" refers to The Royal Bank of Scotland N.V., formerly known as ABN AMRO Bank N.V. prior to the Legal Demerger.

"**Regulation S**" refers to Regulation S under the Securities Act.

"**Regulatory Event**" refers to the event described as such in "*Overview—The Program and Terms and Conditions of the Notes—Redemption*".

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

"**Relevant Member State**" refers to a Member State of the EEA which has implemented the Prospectus Directive, as amended.

"**Relevant Regulator**" refers to DNB and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer, as determined by the Issuer.

"**Revised State Aid Guidelines**" refers to the temporary state aid rules for assessing public support to financial institutions during the crisis, the adoption of which was announced by the European Commission on 10 July 2013.

"**RM&S**" refers to Risk Management & Strategy, an area of Group Functions.

"**Rule 144A**" refers to Rule 144A under the Securities Act.

"**Rule 144A Global Certificate**" refers to a Global Certificate (representing Notes sold pursuant to an offering made within the United States) deposited with the US Registrar as custodian for, and registered in the name of a nominee of, DTC.

"**S&P**" refers to Standard & Poor's Credit Market Services France SAS, a division of The McGraw-Hill Companies, Inc.

"**SEC**" refers to the Securities and Exchange Commission.

"**SEC Rules and Regulations**" refers to the accounting rules and regulations adopted by the SEC.

"**Securities Act**" refers to the under the United States Securities Act of 1933, as amended.

"**Senior Notes**" refers to the US Senior Medium Term Notes which are being offered on a continuous basis by the Issuer under the Program.

"**Series**" refers to series in which the Notes will be issued.

"**similar law**" refers to applicable federal, state, local or non-US law that are similar to the requirements of section 404 of ERISA or Section 4975 of the Code.

"**SMEs**" refers to small and medium enterprises.

"**Specified Currency**" refers to any currency other than US dollars.

"**SR**" refers to the Single Rulebook, a pillar of the EU banking union.

"**SRM**" refers to the Single Resolution Mechanism, a pillar of the EU banking union.

"**SSM**" refers to the Single Supervisory Mechanism, a pillar of the EU banking union.

"**Statutory Loss Absorption**" has the meaning ascribed thereto in Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes.

"**Subordinated Noteholders**" refers to the holders of the Subordinated Notes of each Series.

"**Subordinated Notes**" refers to the US Subordinated Medium Term Notes which are being offered on a continuous basis by the Issuer under the Program.

"**Substituted Debtor**" refers to the substituting entity described in Condition 15 (*Substitution of the Issuer*).

"**Supervisory Board**" refers to ABN AMRO's supervisory board.

"**Tier 2 Notes**" refers to Subordinated Notes qualifying as Tier 2 capital for the purposes of the regulatory capital rules applicable to the Issuer from time to time.

"**TOPS**" refers to Technology, Operations & Property Services, an area of Group Functions.

"**Tranches**" refers to one or more tranches of which each Series may comprise.

"**U.S. GAAP**" refers to generally accepted accounting principles in the United States.

"**US Person**" refers to a "US Person" as defined in Regulation S.

"**Wft**" refers to the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations.

## Abbreviations

AIRB	Advanced Internal Ratings-Based
ALM	Asset & Liability Management
AMA	Advanced Measurement Approach
bp	Basis point
CD	Certificate of Deposit
CDC	Collective defined contribution
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLA	Collective labour agreement
CVA	Credit Value Adjustment
DPA	Dutch Data Protection Act
EBA	European Banking Authority
ECT	Energy, Commodities & Transportation
EU	European Union
FIRB	Foundation Internal Ratings-Based
FTEs	Full-time equivalents (a measurement of number of staff)
GAAP	General Accepted Accounting Principles
IAS	International Accounting Standards
ID&JG	International Diamond & Jewelry Group
ILAAP	Internal Liquidity Adequacy Assessment Process
IMA	Internal Models Approach
IT	Information Technology
LIBOR	London Interbank Offered Rate
M&A	Mergers & Acquisitions
NHG	<i>Nationale Hypotheek Garantie</i> (Dutch State guaranteed mortgages)
PSI	Private Sector Involvement
RARORAC	Risk-Adjusted Return on Risk-Adjusted Capital
RMBS	Residential Mortgage Backed Securitization
R&PB	Retail & Private Banking
RWA	Risk-weighted assets
SA	Standardized Approach
SREP	Supervisory Review and Evaluation Process
UCITS	Undertakings for Collective Investment in Transferable Securities (directives)
VaR	Value-at-Risk

***Registered office of the Issuer***

**ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

***Arrangers***

**ABN AMRO Bank N.V.**

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**Morgan Stanley & Co. LLC**

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***Agents***

**Morgan Stanley & Co. LLC**

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United States of America

**ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
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The Netherlands

**Barclays Capital Inc.**

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Consolidated Annual Financial Statements 2012 and 2013***

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