

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

Certain definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

Banking license

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

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

Capital ratios

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

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

Capital actions new ABN AMRO Bank N.V.

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

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

Capital actions RBS N.V.

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

Capital distribution

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

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

Ratings

The Acquiring Company

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

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

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

The Demerging Company

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

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

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

Debt allocation

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

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

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

Risk Factors

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

Recourse of investors due to legal demerger and cross liability

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Major Shareholder and change of control

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

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

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

EU Remedy

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

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

Documents available

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

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

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