On 6 February 2010 **ABN AMRO Bank N.V.** (registered with the Dutch Chamber of Commerce under number 33002587) changed its name to **The Royal Bank of Scotland N.V.** and on 1 April 2010 **ABN AMRO Holding N.V.** changed its name to **RBS Holdings N.V.** and all references in the attached document to "**ABN AMRO Bank N.V.**" should be read as references to "**The Royal Bank of Scotland N.V.**" and all references to "**ABN AMRO Holding N.V.**", should be read as references to "**RBS Holdings N.V.**".

These name changes are not changes to either the legal entity which issued your securities or the guarantor of them and they do not affect any of the terms and conditions of your securities. For further information on The Royal Bank of Scotland N.V. or RBS Holdings N.V., and their financial status please refer to www.rbs.com.

Since 6 February 2010 the name ABN AMRO Bank N.V. has been used by a separate legal entity (registered with the Dutch Chamber of Commerce under number 34334259), this entity became wholly owned by the State of the Netherlands on 1 April 2010. Neither the new entity named ABN AMRO Bank N.V. nor the State of the Netherlands will, in any way, guarantee or otherwise support the obligations under your securities, issued by The Royal Bank of Scotland N.V. (formerly ABN AMRO Bank N.V.), registered with the Dutch Chamber of Commerce under number 33002587.

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Am 6. Februar 2010 hat die **ABN AMRO Bank N.V.** (eingetragen bei der niederländischen Handelskammer unter der Nummer 33002587) ihre Firmierung in **The Royal Bank of Scotland N.V.** geändert, und am 1. April 2010 hat die **ABN AMRO Holding N.V.** ihre Firmierung in **RBS Holdings N.V.** geändert. Sämtliche Bezugnahmen in dem beigefügten Dokument auf "**ABN AMRO Bank N.V.**" sollten deshalb als Bezugnahme auf "**The Royal Bank of Scotland N.V.**" und sämtliche Bezugnahmen auf "**ABN AMRO Holding N.V.**" als Bezugnahme auf "**RBS Holdings N.V.** " gelesen werden.

Die Änderung der Firmierungen beinhaltet weder eine Änderung hinsichtlich der Rechtsform oder der juristischen Person, die Ihre Wertpapiere emittiert hat, noch hinsichtlich der Garantin und hat keine Auswirkungen auf die Ihren Wertpapieren zugrundeliegenden Bedingungen. Weitere Informationen zur The Royal Bank of Scotland N.V. und zur RBS Holdings N.V. sowie zu ihrer jeweiligen Finanzlage erhalten Sie unter www.rbs.com.

Seit dem 6. Februar 2010 wird die Firmierung ABN AMRO Bank N.V. von einer anderen juristischen Person (eingetragen bei der niederländischen Handelskammer unter der Nummer 34334259) verwendet, die seit dem 1. April 2010 dem niederländischen Staat gehört. Weder die neue juristische Person firmierend unter ABN AMRO Bank N.V. noch der niederländische Staat werden für die Verbindlichkeiten aus Ihren von der The Royal Bank of Scotland N.V. (vormals ABN AMRO Bank N.V.), eingetragen bei der niederländischen Handelskammer unter der Nummer 33002587, emittierten Wertpapieren in irgendeiner Weise eine Garantie übernehmen oder in sonstiger Weise einstehen.

The Royal Bank of Scotland N.V., established in Amsterdam, The Netherlands. Registered with the Chamber of Commerce in The Netherlands, no 33002587.
Authorised by De Nederlandsche Bank N.V. and regulated by the Authority for the Financial Markets in The Netherlands.
The Royal Bank of Scotland N.V. is an authorised agent of The Royal Bank of Scotland plc.

LAUNCHPAD PROGRAMME

DATED 18 OCTOBER 2007

[UP TO] [QUANTITY] [NOTES / BONDS / WARRANTS / CERTIFICATES / SECURITIES]

LINKED TO [UNDERLYING(S)]

PURSUANT TO THE ABN AMRO LAUNCHPAD PROGRAMME

ISSUE PRICE: ●

PROSPECTIVE PURCHASERS OF THE SECURITIES DESCRIBED IN THIS DOCUMENT SHOULD ENSURE THAT THEY UNDERSTAND FULLY THE NATURE OF THE SECURITIES AND THE EXTENT OF THEIR EXPOSURE TO THE RISKS ASSOCIATED WITH THE SECURITIES. THE MARKET PRICE AND / OR VALUE OF THE SECURITIES MAY BE VOLATILE AND HOLDERS OF THE SECURITIES MAY NOT RECEIVE ANY RETURN ON THE VALUE OF THEIR INVESTMENT. UNLESS THE SECURITIES ARE OF A TYPE IN RESPECT OF WHICH RETURN OF CAPITAL IS ASSURED, HOLDERS MAY SUSTAIN A TOTAL LOSS OF THEIR INVESTMENT. PROSPECTIVE PURCHASERS NEED TO CONSIDER THE SUITABILITY OF AN INVESTMENT IN THE SECURITIES IN LIGHT OF THEIR OWN FINANCIAL, FISCAL, REGULATORY AND OTHER CIRCUMSTANCES. PLEASE REFER TO THE "RISK STATEMENT" IN SECTION I OF THE PROGRAMME AND TO "SELLING RESTRICTIONS" ALSO IN SECTION I OF THE PROGRAMME.

Under its LaunchPAD Programme (the "**Programme**") ABN AMRO Bank N.V. (the "**Issuer**") acting through its principal office or its branch in London or such further or other branches as it may specify may from time to time issue securities relating to shares and/or indices and/or debt securities and/or currencies and/or commodities (each an "**Underlying**"). The Issuer has now determined to issue [up to] [quantity] [Notes / Bonds / Warrants / Certificates / Securities] relating to [Underlying(s)] (the "**Securities**") as described in the relevant offering supplement (the "**Offering Supplement**"). The Securities are issued upon the terms and subject to the product conditions (the "**Product Conditions**") set out in the relevant Offering Supplement and the general conditions (the "**General Conditions**") set out in the Programme. The Product Conditions and the General Conditions shall together be referred to as the "**Conditions**". References to the "Underlying" are to the asset(s) specified in the corresponding Offering Supplement.

[Application may be made to list the Securities under the Programme on the [SWX Swiss Exchange (the "**Exchange**")]]. For the purposes of compliance with the national laws and regulations of any country into which offerings of the Securities is proposed to be made, the Offering Supplement may have attached to it one or more country supplements (each a "**Country Supplement**"). The attachment of one or more Country Supplements shall not preclude the attachment of further Country Supplements from time to time. References to "this document" shall, unless the context requires otherwise, include the relevant Country Supplement and Offering Supplement.

Subject to the rules and regulations of any securities exchange on which the Securities are officially listed or quoted, the Securities may be sold by the Issuer at such times and at such prices as the Issuer may select. There is no obligation on the Issuer to sell all of the Securities. The Securities may be offered or sold in one or more transactions at the discretion of the Issuer.

The LaunchPAD Programme is dated 18 October 2007 and provides information with respect to a range of financial instruments which are capable of issue under it. This Programme may only be used for the purpose for which it has been produced. Copies of the Programme are available from the Issuer and its Agents (if any), without charge, upon the oral or written request of such person. This Programme is available on the Issuer's website at derivatives.abnamro.com. The Offering Supplement constitutes, in relation to the Securities only, a completed version of the LaunchPAD Programme. [The Offering Supplement is dated [insert date] and should be read in conjunction with the Programme.]

Subject as set out with respect to the Underlying (as to which, please refer to "Information Relating to the Underlying"), the Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Offering Supplement is to be read in conjunction with all documents that are deemed to be incorporated therein by reference and shall be read and construed on the basis that such documents are incorporated in and form part of the Offering Supplement.

Except as set out in this document, neither the Issuer nor Holding has authorised the making or provision of any representation or information regarding the Issuer, Holding, or any Securities. Neither the delivery of the Programme nor of any Offering Supplement nor any information provided in the course of a transaction in Securities shall, in any circumstances, be construed as a basis for credit or risk evaluation with respect to the Issuer or Holding or a recommendation by the Issuer or Holding to enter into any transaction with respect to any Securities. Each prospective investor contemplating a purchase of Securities should make its own independent investigation of the risks associated with a transaction involving any Securities. Neither the Offering Supplement nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer or any manager and/or dealer (each a "Manager") to any person to subscribe for or to purchase any Securities.

The delivery of this document does not in any way imply that there has been no change in the affairs of the Issuer or of Holding since the date of this Programme.

The distribution of this document and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. In particular, the Securities have not been and will not be registered under the Securities Act of 1933 (as amended) (the "**Securities Act**") and trading in the Securities has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act of 1922. The Securities may not at any time be offered, sold, delivered, traded or exercised, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person and a U.S. person may not, at any time, directly or indirectly, maintain a position in the Securities. Offers, sales, trading or deliveries of the Securities in the United States or to, or for the account or benefit of, U.S. persons may constitute a violation of the United States law governing commodities trading. Exercise of the Securities will be conditional upon certification as to non-U.S. beneficial ownership. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of this document and other offering material relating to the Securities please refer to "Selling Restrictions" in Section I.

In connection with the issue and the distribution of any Securities, any one manager (the "**Manager**") appointed by the Issuer or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Securities at a higher level than that which might otherwise prevail for a limited period after

the issue date. However, there may be no obligation on the Manager or any other person to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall also be in compliance with all relevant laws and regulations including the Securities Market Supervision Rules 1999 (*Nadere Regeling toezicht effectenverkeer 1999*) in The Netherlands. Subject to the rules of the exchange and any applicable market practices, stabilisation may be effected in accordance with the rules and practices and, in any event, if commenced will be discontinued 30 days after the issuance of the Securities.

SUMMARY OF OFFERING

Issuer:	ABN AMRO Bank N.V., [London] Branch
[Series]	[ ]
Number of Securities:	[ ]
Underlying:	[ ]
Issue Price:	[ ]
[Entitlement:]	[ ]
[Capped Price:]	[ ]
[Lower/Initial Reference Price:]	[ ]
[Bonus Percentage:]	[ ]
[Initial Exchange Rate]	[ ]
[Final Reference Price:]	[ ]
[Final Exchange Rate]	[ ]
[Exercise Date:]	[ ]
[Maximum Return Amount]	[ ]
[Minimum Return Amount]	[ ]
[Averaging Dates:]	[ ]
Valuation Date:	[ ]
[Exercise] [Maturity] Date:	[ ]
Settlement:	[Cash] [Physical Settlement] [Cash unless the Issuer elects Physical Settlement]
[Settlement Currency:]	[ ]
Settlement Date:	[ ]
Cash Amount:	[ ]
[Settlement Currency]	[ ]

Minimum Exercise:	[ ]
Maximum Exercise:	Otherwise than on the [Exercise / Maturity] Date [ ] Securities
Calculation Agent:	ABN AMRO Bank N.V. London Branch
Principal Agent:	ABN AMRO Bank N.V. London Branch
Clearing:	[Euroclear Bank S.A.: [ ]] [Clearstream Banking S.A.: [ ]] [SIS SegaInterSettle AG: [ ]]
ISIN:	[ ]
Valoren:	[ ]
Symbol:	[ ]

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I GENERAL: RISK STATEMENT

The statements below are of a general nature and do not purport to be an exhaustive list of the various risk factors associated with an investment in the Securities which are capable of issue under the Programme. Not all of the factors which are described below may be applicable to any particular Securities.

Please consider all risks carefully prior to investing in any Securities and consult your professional independent financial adviser and legal, accounting, tax and other advisers with respect to any investment in the Securities.

Terms in capitals shall have the meanings ascribed to them in the Conditions.

1. WHAT ARE THE SECURITIES ?

   Depending on the specific type of Securities issued, their features will vary. The Securities may be debt securities featuring an equity linked element or may be certificates or warrants or other types of securities with debt or equity linked features.

2. HOW WILL THE VALUE OF THE SECURITIES BE DETERMINED ?

   The value of the Securities may move up and down between the date you purchase them and their Exercise Date or Maturity Date (as the case may be). Holders of Securities (the "**Holders**") may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand fully the nature of the Securities and carefully study the investment considerations below as well as any further investment considerations set out in the applicable Offering Supplement before they invest in the Securities.

   Several factors, many of which are beyond our control, will influence the value of the Securities at any time, including the following:

   (a) Valuation of the Underlying. The market price of the Securities at any time is expected to be affected primarily by changes in the price of the Underlying (including in the case of an index, the index and its constituent elements) to which such Securities are linked. It is impossible to predict whether the price of the relevant Underlying will rise or fall. Factors which may have an affect on the value of the Underlying include where applicable the rate of return of the Underlying, the financial position and prospects of the issuer of the Underlying. In addition, the value of the Underlying may depend on a number of interrelated factors, including economic, financial and political events and their effect on the capital markets generally and relevant stock exchanges.

   (b) Volatility. The term "volatility" refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to an Underlying. Volatility is affected by a number of factors such as macro economic factors, speculative trading

and supply and demand in the options, futures and other derivatives markets. Volatility of an Underlying will move up and down over time (sometimes more sharply than others) and different Underlyings will most likely have separate Volatilities at any particular time.

(c) Exchange Rates. Even where payments in respect of the Securities are not expressly linked to a rate or rates of exchange between currencies, the value of the Securities could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment in respect of the Securities is to be made and any currency in which the Underlying is traded, appreciation or depreciation of any such currencies and any existing or future or governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates at the date of issue of any Securities will be representative of the relevant rates of exchange used in computing the value of the relevant Securities at any time thereafter. Where Securities are described as being "quantoed", the value of the Underlying will be converted from one currency (the "**Original Currency**") into a new currency (the "**New Currency**") on the date and in the manner specified in, or implied by, the Conditions using a fixed exchange rate. The cost to the Issuer of maintaining such a fixing between the Original Currency and the New Currency will have an implication on the value of the Securities. The implication will vary during the term of the Securities. No assurance can be given as to whether or not, taking into account relative exchange rate and interest rate fluctuations between the Original Currency and the New Currency, a quanto feature in a Security would at any time enhance the return on the Security over a level of a similar security issued without such a quanto feature.

(d) Interest Rates. Investments in the Securities may involve interest rate risk with respect to the currency of denomination of the Underlying and/or the Securities. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Securities at any time prior to valuation of the Underlying relating to the Securities.

(e) Disruption. If so indicated in the Conditions, the Calculation Agent may determine that a Market Disruption Event has occurred or exists at a relevant time. Any such determination may affect the value of the Securities and/or may delay settlement in the respect of the Securities.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

(f) Our Creditworthiness. Any person who purchases the Securities is relying upon the creditworthiness of the Issuer and of ABN AMRO Holding N.V. ("**Holding**") (pursuant to its declaration under Article 2:403 of the Netherlands Civil Code) and has no rights against any other person. The Securities constitute general, unsecured, contractual obligations of the Issuer and Holding and of no other person. The Securities rank *pari passu* among themselves.

3. WHAT HAPPENS IF THERE IS A CHANGE IN THE VALUE OF THE UNDERLYING ?

If the Securities are linked to an Underlying or Underlyings, that is not the same as owning or having a direct investment in such Underlying(s). The market value of the Securities is linked to the relevant Underlying(s) and will be influenced (positively or negatively) by it or them but any change may not be comparable and may be disproportionate. It is possible that while the Underlying(s) is/are increasing in value, the value of the Securities is falling. Further, where no market value is available for an Underlying, the Calculation Agent may determine its value to be zero notwithstanding the fact that there may be no Market Disruption Event and/or no Potential Adjustment Events which apply.

4. WILL THERE BE A SECONDARY MARKET IN THE SECURITIES ?

You should be willing to hold the Securities through their life: please refer to Product Condition 3 (Rights and Procedures) of the relevant Offering Supplement. The nature and extent of any secondary market in the Securities cannot be predicted. As a consequence any person intending to hold the Securities should consider liquidity in the Securities as a risk. If the Securities are listed or quoted on an exchange or quotation system this does not imply greater or lesser liquidity than if equivalent Securities were not so listed or quoted. However, if Securities are not listed or quoted there may be a lack of transparency with regard to pricing information. Liquidity may also be affected by legal restrictions on offers for sale in certain jurisdictions. The Issuer may affect the liquidity of the Securities by purchasing and holding the Securities for its own account during trading in the secondary market. Any such Securities may be resold at any time into the market.

5. CAN I USE THEM TO REDUCE MY RISK TO OTHER FINANCIAL PRODUCTS ?

Any person intending to use the Securities as a hedge instrument should recognise the correlation risk. The Securities may not be a perfect hedge to an Underlying or portfolio of which the Underlying forms a part. In addition, it may not be possible to liquidate the Securities at a level which directly reflects the price of the Underlying or portfolio of which the Underlying forms a part.

6. HOW WILL THE ISSUER BE REDUCING ITS OWN RISK ?

The Issuer and/or any of its affiliates may carry out activities that minimise its and/or their risks related to the Securities, including effecting transactions for their own account or for the account of their customers and hold long or short positions in the Underlying whether for risk

reduction purposes or otherwise. In addition, in connection with the offering of any Securities, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Underlying. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Underlying which may affect the market price, liquidity or value of the Underlying and/or the Securities and which could be deemed to be adverse to the interests of the Holders. The Issuer and/or its affiliates are likely to modify their hedging positions throughout the life of the Securities whether by effecting transaction in the Underlying or in derivatives linked to the Underlying. Further, it is possible that the advisory services which the Issuer and/or its affiliates provide in the ordinary course of its/their business could lead to an adverse impact on the value of the Underlying.

7. IS THE ISSUER OBLIGATED TO DISCLOSE INFORMATION IT ACQUIRES ABOUT ISSUERS OF THE UNDERLYING?

Although the Issuer does not have any material non-public information about any issuer of the Underlying as of the date of the Offering Supplement, the Issuer or one of its affiliates may presently or from time to time engage in business with issuers of the Underlying, including making loans to, making equity investments in or providing advisory services to, including mergers and acquisitions advisory services, those issuers. The Issuer or its affiliates may in the course of engaging in such activities and during the term of the Securities acquire non-public information with respect to an issuer of the Underlying. The Issuer and its affiliates are under no obligation to make any such information available to holders of the Securities.

8. DO I OWN THE UNDERLYING ?

The Securities convey no interest in the Underlying. The Issuer may choose not to hold the Underlying or any derivatives contracts linked to the Underlying. There is no restriction through the issue of the Securities on the ability of the Issuer and/or its affiliates to sell, pledge or otherwise convey all right, title and interest in any Underlying or any derivatives contracts linked to the Underlying.

9. IF THERE IS CORPORATE ACTION WHICH AFFECTS THE UNDERLYING, HOW ARE THE SECURITIES AFFECTED ?

The Calculation Agent is the agent of the Issuer and not the agent of the Holders or any of them. The Issuer may itself act as the Calculation Agent. The Calculation Agent will make such adjustments as it considers appropriate as a consequence of certain corporate actions affecting the Underlying. The Calculation Agent is not required to make adjustments with respect to each and every corporate action.

10. CAN I EXERCISE THE SECURITIES WHENEVER I LIKE AND REGARDLESS OF HOW MANY I HOLD?

(a) Maximum Exercise Amount. If so indicated in the Conditions, the Issuer will have the option to limit the number of Securities exercisable on any date (other than the final

exercise date) to the maximum number so specified and, in conjunction with such limitation, to limit the number of Securities exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Securities being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer has elected to limit the number of Securities exercisable on such date, a holder of Securities may not be able to exercise on such date all the Securities that it desires to exercise. In any such case, the number of Securities to be exercised on such date will be reduced until the total number of Securities exercised on such date no longer exceeds such maximum (unless the Issuer otherwise elects), such Securities being selected as specified in the Conditions. Securities tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Securities may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

(b) Minimum Exercise Amount. If so indicated in the Conditions, a Holder may have to tender a specified minimum number of the Securities at any one time in order to exercise the Securities. Thus Holders with fewer than the specified minimum number of such Securities will either have to sell their Securities or purchase additional Securities, incurring transaction costs in each case, in order to release a return on their investment, and may incur the risk that the trading price of the Securities at that time is different from, in the case of Securities settled in cash ("**Cash Settled Securities**"), the applicable Cash Amount (as defined in the Product Conditions) or, in the case of Securities settled by way of physical delivery ("**Physical Delivery Securities**"), the difference between the value of the applicable underlying asset and the exercise price, in each case upon exercise.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

11. WILL I GET PAID OR HAVE THE UNDERLYING SETTLED TO MY ACCOUNT IMMEDIATELY ?

If the Securities are subject to provisions relating to exercise, then upon their exercise, there will be a time lag between the time a holder of the Securities gives instructions to exercise and the time the applicable Cash Amount (if the Securities are Cash Settled Securities) relating to such exercise is determined. If the Securities are Physical Delivery Securities there will be a time lag, following exercise of the Securities until they are delivered to the relevant Holder's account. Any such delay between the time of exercise and the determination of the Cash Amount or delivery of the Share Amount will be specified in the Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of such

Securities arising from, as described above, any daily maximum exercise limitation or, as described above, upon the determination by the Calculation Agent that a Market Disruption Event occurred at any relevant time. The applicable Cash Amount or Share Amount could decrease or increase from what it would have been but for such delay.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

12. WHAT ELSE DO I HAVE TO DO ?

If the Securities are subject to provisions concerning delivery of a Notice and such notice is received by either the relevant Clearing Agent, with a copy to the Principal Agent after the latest time specified in the Conditions, it will be deemed to be duly delivered on the next following Business Day. Such deemed delay may in the case of Cash Settled Securities increase or decrease the Cash Amount from what it would have been but for such deemed delivery. In the case of Securities which are exercisable on one day only or only during an exercise period any Notice, if not delivered by the latest time specified in the Conditions, shall be void.

If the Securities require a Notice to be delivered before close of business in the place of receipt on the Cut-off Date (as defined in the Product Conditions), then delivery after the Cut-off Date may result in a delay of the applicable Share Amount (as defined in the Product Conditions).

The failure to deliver any certifications required by the Conditions could result in the loss or inability to receive amounts or deliveries otherwise due under the Securities.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

Securities not exercised in accordance with the Conditions will (where exercise is required) expire worthless.

13. TELL ME ABOUT SETTLEMENT PROCEDURES.

(a) Cash / Physical Settlement. If so indicated in the Conditions, the Issuer will have the option to settle in cash or by physical delivery.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

(b) Settlement Risk. If so indicated in the Conditions, the Calculation Agent may determine that a Settlement Disruption Event is subsisting. Any such determination may affect the value of the Securities and/or may delay settlement in respect of the Securities.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

14. ARE THERE ANY TAXES OR DUTIES TO PAY ?

Potential purchasers and sellers of the Securities should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Securities are transferred. Holders are subject to the provisions of General Condition 9 and payment and/or delivery of any amount due in respect of the Securities will be conditional upon the payment of any Expenses as provided in the Product Conditions.

Potential purchasers who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

15. DOES THE ISSUER HAVE ANY RIGHTS TO TERMINATE THE SECURITIES PRIOR TO THEIR STATED DATE?

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Securities has become illegal or impractical in whole or in part for any reason or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangement with respect to the Securities for any reason, the Issuer may at its discretion and without obligation terminate early the Securities. If the Issuer terminates early the Securities, the Issuer will, if and to the extent permitted by applicable law, pay the holder of each such Security an amount determined by the Calculation Agent to be its fair market value notwithstanding the illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements.

I GENERAL: TAXATION

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer, exercise or non-exercise of any Security should consult their professional tax advisers.

1. GENERAL

Purchasers of Securities may be required to pay stamp taxes and other charges in accordance with the laws of practices of the country of purchase in addition to the issue or purchase price of each Security.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty or other payment which may arise as a result of the ownership, transfer or exercise of any Securities.

2. THE NETHERLANDS

The following paragraph, which is intended as a general guide only, is based on current law and practice in The Netherlands. It summarises certain aspects of taxation in The Netherlands only which may be applicable to the Securities but do not purport to be a comprehensive description of all tax considerations which may be of relevance.

All payments by the Issuer in respect of the Securities will be made free of withholding or deduction for or on account of any taxed of whatsoever nature imposed, levied, withheld, or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, unless such withholding is required by law.

3. UNITED KINGDOM

The following paragraphs, which are intended as a general guide only, are based on current law and practice in the United Kingdom. They summarise certain aspects of taxation in The United Kingdom only which may be applicable to the Securities but do not purport to be a comprehensive description of all tax consideration which may be of relevance.

Potential purchasers of the Securities should note that where the Securities are specified to be issued in Global form (the "**Global Security**") they may constitute an instrument which is subject to United Kingdom stamp duty on issue (or first transfer) in the United Kingdom by reference to the value of the Security. However, the Global Security will be executed and delivered outside the United Kingdom and should not be brought into the United Kingdom save for the purposes of enforcement. So long as the Global Security is held outside the United Kingdom, it will not be necessary to pay stamp duty or interest or penalties in connection with it.

Aside from the charges to stamp duty referred to above, where Physical Delivery Securities, which are warrants and which exercise into Shares of Share Companies which are registered in

the United Kingdom, are issued, United Kingdom stamp duty or stamp duty reserve tax may be payable on their exercise.

Securities issued otherwise than by Issuer's London branch

Any interest payable on the Securities, any original issue discount in respect of the Securities and/or proceeds on redemption or exercise of the Securities will not be subject to United Kingdom withholding tax.

Securities issued by the Issuer's London branch

Interest on the Securities can be paid without deduction of United Kingdom tax provided that the Issuer continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "**Act**"), and provided that the interest on the Securities is paid in the ordinary course of its business within the meaning of section 878 of the Act.

Interest may also be paid under the Securities without deduction of United Kingdom tax where the Securities are to be outstanding for less than one year.

Payments of interest on the Securities may be made without deduction of or withholding on account of United Kingdom income tax provided that the Securities continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Act.

United Kingdom tax should not be required to be withheld from payments under the Securities that are not interest for United Kingdom tax purposes.

I GENERAL: SELLING RESTRICTIONS

The statements which follow are of a general nature. Potential purchasers in each jurisdiction must ensure that they are able validly to take delivery of the Securities and any assets into which they may convert or be settled. Additional certifications may be required by the Issuer and/or any clearance system at the time of exercise and/or settlement.

1. GENERAL

Unless otherwise specified in a Country Supplement, no action has been or will be taken by the Issuer that would permit a public offering of the Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Securities, or distribution of any offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer.

2. EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Issuer represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities 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 Securities to the public in that Relevant Member State:

(a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

In addition, Securities which qualify as savings certificates as defined in the Savings Certificates Act ("*Wet inzake spaarbewijzen*") may only be transferred or accepted through the mediation of either the Issuer or an admitted institution of Euronext Amsterdam N.V. with due observance of the Savings Certificates Act and its implementing regulations (including registration requirements), provided that no mediation is required in respect of:

(a) the initial issue of those Securities to the first holders thereof;

(b) any transfer and delivery by individuals who do not act in the conduct of a profession or trade; and

(c) the issue and trading of those Securities, if they are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter.

3. UNITED STATES OF AMERICA

The Securities have not been and will not be registered under the Securities Act of 1933 (as amended) (the "**Securities Act**") and trading in the Securities has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act of 1922. The Securities may not at any time be offered, sold, delivered, traded or exercised, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person and a U.S. person may not, at any time, directly or indirectly, maintain a position in the Securities. Offers, sales, trading or deliveries of the Securities in the United States or to, or for the account or benefit of, U.S. persons may constitute a violation of the United States law governing commodities trading. Exercise of the Securities will be conditional upon certification as to non-U.S. beneficial ownership. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Issuer will not offer, sell or deliver the Securities at any time within the United States or to, or for the account or benefit of, any U.S. person, and it will require all those dealers

participating in the distribution of the Securities not to offer, sell, deliver or trade, at any time, directly or indirectly, any Securities in the United States or to, for the account or benefit of, any U.S. person. In addition, the Issuer will send to each dealer to which it sells Securities at any time a confirmation or other notice setting forth the restrictions on offers, sales and deliveries of the Securities in the United States or to, or for the account or benefit of, U.S. persons. As used in this and the above paragraph "**United States**" means the United States of America, its territories or possessions, any state of the United States, the District of Columbia or any other enclave of the United States government, its agencies or instrumentalities, and "**U.S. person**" means:

(a) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(b) any person or entity other than one of the following:

(1) a natural person who is not a resident of the United States;

(2) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(3) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(4) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(5) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

4. UNITED KINGDOM

The Issuer represents, warrants and agrees that 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 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer and it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

II ISSUER INFORMATION: ABN AMRO

ABN AMRO HOLDING N.V.

History and Development

The Issuer is a subsidiary of ABN AMRO Holding N.V. ("**Holding**"). Holding's legal and commercial name is ABN AMRO Holding N.V. It is a public limited liability company incorporated under Dutch law on 30 May 1990 with registered offices in Amsterdam, The Netherlands. The main address is Gustav Mahlerlaan 10, 1082 PP Amsterdam, with a mailing address in The Netherlands at Post Office Box 283, 1000 EA Amsterdam.

Holding owns all of the shares of the Issuer, and itself has no material operations. Holding's consolidated financial statements include condensed financial information with respect to the Issuer, which itself had total assets of €987.1 billion as of 31 December 2006. As of that date and for the year then ended, the Issuer accounted for approximately 100 per cent. of Holding's consolidated assets, consolidated total revenue and consolidated net profit.

The Issuer is the result of the merger of Algemene Bank Nederland N.V. and Amsterdam-Rotterdam Bank N.V. in 1990. Prior to the merger, these banks were, respectively, the largest and second-largest bank in The Netherlands. ABN AMRO traces its origin to the formation of the Nederlandsche Handel-Maatschappij, N.V. in 1825, pursuant to a Dutch Royal Decree of 1824.

Holding is a prominent international banking group offering a wide range of banking products and financial services on a global basis through its network of more than 4,500 branches in 53 countries. Holding is one of the largest banking groups in the world, with total consolidated assets of €1,120 billion at 30 June 2007. Holding is listed on Euronext and the New York Stock Exchange.

Group Strategy

As an international bank with European roots, Holding focuses on consumer, commercial and private banking activities. Its business mix gives it a competitive edge in its chosen markets and client segments. Its clients are the prime beneficiaries of its relationship-based business approach, which it applies through its Business Units ("**BUs**").

Holding's growth strategy is to build on its strong position with mid-market clients, and to provide clients in this segment with high-quality and innovative products and services from across the Group. In other words, its strategy is aimed at combining local client intimacy and global product excellence.

Holding serves its mid-market consumer and commercial clients – the Bank's 'sweet spot' client segments – primarily through its five regional Client BUs: The Netherlands, Europe (including Antonveneta in Italy), North America, Latin America and Asia.

The consumer mid-market segment includes mass affluent customers served by its regional Client BUs, as well as the majority of its private banking clients served by BU Private Clients. The commercial mid-market segment includes a significant number of medium-to-large companies and financial institutions served through its regional Client BUs.

These clients typically require a local banking relationship, an extensive and competitive product suite, an international network, efficient delivery and, for corporates, sector knowledge. With its range of businesses and capabilities Holding can deliver on all of these requirements, in many cases uniquely so.

The dominance of the mid-market in Holding's strategy does not diminish the importance of the top and bottom end of its client pyramid. In serving its top private banking clients, Holding is able to develop innovative investment products that can later be offered to its mid-market consumer clients as well. At the same time, serving large multinational corporations enables it to strengthen its industry knowledge and product innovation, both of which will eventually benefit its mid-market commercial clients. Both the mass retail segment and the small business segment deliver the necessary scale and act as a feeder channel for future mid-market clients.

Holding aims to continue to improve its strategic position by winning more clients in its chosen markets and client segments, and by making carefully targeted investments that enhance its corresponding product capabilities. Holding's activities in Italy and the emerging markets in Europe and Asia are clear examples of how its growth strategy is applied.

The acquisition and integration of Antonveneta, a new part of Holding, was completed in 2006. This acquisition further increases its footprint in the promising Italian market. Meanwhile, the BUs Europe and Asia are successfully exploiting the attractive opportunities that are opening up in several emerging markets. BU Asia is focusing specifically on Greater China (encompassing

the People's Republic of China, Hong Kong and Taiwan), India, Pakistan, Singapore and Indonesia.

Our Business

In January 2006, Holding moved to reinforce its mid-market focus and realise the benefits of being one bank more effectively by adopting a new structure. This structure enables it to share expertise and operational excellence across the Group with greater impact.

Holding's Group structure comprises:

- seven Client BUs
- three Product BUs
- two cross-BU Segments
- Group Functions
- Services

The seven Client BUs consist of five regional BUs (The Netherlands, Europe including Antonveneta in Italy, North America, Latin America and Asia) and two global BUs, Private Clients and Global Clients.

The three Product BUs (Global Markets, Transaction Banking and Asset Management) support the Client BUs by developing and delivering products for all clients globally.

Holding binds all its Client BUs together through a cross-BU Consumer Client Segment and a cross-BU Commercial Client Segment. These Segments drive winning formulas across Holding's various geographies, and work with the Product BUs to deliver high-quality solutions to clients.

Group Functions delivers value-added support across the Group in areas ranging from Risk to Finance and from Human Resources to Sustainability, while always balancing global control with local flexibility and expertise.

Services continues to focus on increasing its operational efficiency through Group-wide consolidation and standardisation.

Recent Developments following 18 October 2007

The most recent developments can be found on the ABN AMRO website (www.abnamro.com).

Guarantee of Holding in respect of the Issuer

Pursuant to a declaration under Article 2:403 of the Netherlands Civil Code, Holding is jointly and severally liable with the Issuer for the Issuer's obligations under the Programme.

FINANCIAL AND MANAGEMENT INFORMATION

Managing Board and Supervisory Board

Managing Board	Year of Appointment
R.W.J. Groenink, Chairman	1988
W.G. Jiskoot	1997
J.Ch.L. Kuiper	1999
H. G. Boumeester	2006
P.S. Overmars	2006
R. Teerlink	2006

Supervisory Board	Year of Appointment
A.C. Martinez, Chairman	2002
A.A. Olijslager, Vice-Chairman	2004
D.R.J. Baron de Rothschild	1999
Mrs. T.A. Maas-de Brouwer	2000
M.V. Pratini de Moraes	2003
P. Scaroni	2003
Lord Sharman of Redlynch	2003
R.F. van den Bergh	2005
A. Ruys	2005
G. J. Kramer	2006
H. G Randa	2006
A. M. Llopis Rivas	2007

The chosen address of the Supervisory and Managing Boards is the registered office of Holding.

Auditor

Holding's consolidated financial statements for each of the years ended 31 December 2006, 2005 and 2004 have been audited by Ernst & Young Accountants, independent auditors. The selected financial data is only a summary and should be read in conjunction with and are qualified by reference to Holding's consolidated financial statements and notes thereto in the 20-F filing.

Capitalisation

The following table sets out the consolidated capitalisation of Holding as at the dates specified below.

Group capital	IFRS at 31 December		
	2006	**2005**	**2004**
		(in millions of EUR)	
Share capital	1,085	1,069	954
Share premium	5,245	5,269	2,604
Treasury shares	(1,829)	(600)	(632)
Retained earnings	18,599	15,237	11,580
Net gains (losses) not recognised in the income statement	497	1,246	309
Equity attributable to shareholders of the parent company	23,597	22,221	14,815
Equity attributable to minority interests	2,298	1,931	1,737
Total equity	25,895	24,152	16,552
Subordinated liabilities	19,213	19,072	16,687
Group capital	45,108	43,224	33,239

FINANCIAL INFORMATION ABN AMRO HOLDING N.V.

The financial statements below have been prepared in conformity with the International Financial Reporting Standards.

Consolidated income statement at 31 December

	2006	2005	2004
	(in millions of euros)		
Interest income	37,698	29,645	24,528
Interest expense	27,123	20,860	16,003
Net interest income	**10,575**	**8,785**	**8,525**
Fee and commission income	7,127	5,572	5,185
Fee and commission expense	1,065	881	700
Net fee and commission income	**6,062**	**4,691**	**4,485**
Net trading income	2,979	2,621	1,309
Results from financial transactions	1,087	1,281	905
Share of result in equity accounted investments	243	263	206
Other operating income	1,382	1,056	745
Income of consolidated private equity holdings	5,313	3,637	2,616
Operating income	**27,641**	**22,334**	**18,791**
Personnel expenses	8,641	7,225	7,550
General and administrative expenses	7,057	5,553	4,747
Depreciation and amortisation	1,331	1,004	1,218
Goods and materials of consolidated private equity holdings	3,684	2,519	1,665
Operating expenses	**20,713**	**16,301**	**15,180**
Loan impairment and other credit risk provisions	1,855	635	607
Total expenses	**22,568**	**16,936**	**15,787**
Operating profit before tax	**5,073**	**5,398**	**3,004**
Income tax expense	902	1,142	715
Profit from continuing operations	**4,171**	**4,256**	**2,289**
Profit from discontinued operations net of tax	609	187	1,651
Profit for the year	**4,780**	**4,443**	**3,940**
Attributable to:			
Shareholders of the parent company	4,715	4,382	3,865
Minority interests	65	61	75
Earnings per share attributable to the shareholders of the parent company (in euros)			
From continuing operations			
Basic	2.18	2.33	1.34
Diluted	2.17	2.32	1.34
From continuing and discontinued operations			
Basic	2.50	2.43	2.33
Diluted	2.49	2.42	2.33

FINANCIAL INFORMATION ABN AMRO HOLDING N.V.

Consolidated balance sheet at 31 December

	2006	2005
	(in millions of euros)	
Assets		
Cash and balances at central banks	12,317	16,657
Financial assets held for trading	205,736	202,055
Financial investments	125,381	123,774
Loans and receivables — banks	134,819	108,635
Loans and receivables — customers	443,255	380,248
Equity accounted investments	1,527	2,993
Property and equipment	6,270	8,110
Goodwill and other intangible assets	9,407	5,168
Assets of businesses held for sale	11,850	—
Accrued income and prepaid expenses	9,290	7,614
Other assets	27,212	25,550
Total assets	987,064	880,804
Liabilities		
Financial liabilities held for trading	145,364	148,588
Due to banks	187,989	167,821
Due to customers	362,383	317,083
Issued debt securities	202,046	170,619
Provisions	7,850	6,411
Liabilities of businesses held for sale	3,707	—
Accrued expenses and deferred income	10,640	8,335
Other liabilities	21,977	18,723
Total liabilities (excluding subordinated liabilities)	941,956	837,580
Subordinated liabilities	19,213	19,072
Total liabilities	961,169	856,652
Equity		
Share capital	1,085	1,069
Share premium	5,245	5,269
Treasury shares	(1,829)	(600)
Retained earnings	18,599	15,237
Net gains/(losses) not recognized in the income statement	497	1,246
Equity attributable to shareholders of the parent company	23,597	22,221
Equity attributable to minority interests	2,298	1,931
Total equity	25,895	24,152
Total equity and liabilities	987,064	880,804
Credit related contingent liabilities	51,279	46,021
Committed credit facilities	145,418	141,010

Changes in shareholder's equity

	2006	2005	2004
	(in millions of euros)		
Share capital			
Balance at 1 January	1,069	954	919
Issuance of shares	—	82	
Exercised options and warrants	16	—	2
Dividends paid in shares	—	33	33
Balance at 31 December	1,085	1,069	954
Share premium			
Balance at 1 January	5,269	2,604	2,549
Issuance of shares	—	2,611	—
Exercised options and conversion rights	—	—	48
Share-based payments	111	87	40
Dividends paid in shares	(135)	(33)	(33)
Balance at 31 December	5,245	5,269	2,604
Treasury shares			
Balance at 1 January	(600)	(632)	(119)
Share buy back	(2,204)	32	(513)
Utilised for dividends paid in shares	832	—	—
Utilised for exercise of options and performance share plans	143	—	—
Balance at 31 December	(1,829)	(600)	(632)
Retained earnings			
Balance at 1 January	15,237	11,580	8,469
Profit attributable to shareholders of the parent company	4,715	4,382	3,865
Cash dividends paid to shareholders of the parent company	(807)	(659)	(694)
Dividends paid in shares to shareholders of the parent company	(656)	—	—
Other	110	(66)	(60)
Balance at 31 December	18,599	15,237	11,580
Equity settled own share derivatives			
Balance at 1 January	—	—	(106)
Issuances and settlements	—	—	106
Balance at 31 December	—	—	—
Net gains/(losses) not recognised in the income statement			
Currency translation account			
Balance at 1 January	842	(238)	—
Transfer to income statement relating to disposals	(7)	(20)	2
Currency translation differences	(427)	1,100	(240)
Subtotal — Balance at 31 December	408	842	(238)

Changes in shareholder's equity (continued)

	2006	2005	2004
	(in millions of euros)		
Net unrealised gains/(losses) on available-for-sale assets			
Balance at 1 January	1,199	830	572
Net unrealised gains/(losses) on available-for-sale assets	(233)	717	509
Net losses/(gains) reclassified to the income statement	(602)	(348)	(251)
Subtotal — Balance at 31 December	364	1,199	830
Cash flow hedging reserve			
Balance at 1 January	(795)	(283)	(165)
Net unrealised gains/(losses) on cash flow hedges	735	(386)	106
Net losses/(gains) reclassified to the income statement	(215)	(126)	(224)
Subtotal — Balance at 31 December	(275)	(795)	(283)
Net gains/(losses) not recognized in the income statement at 31 December	497	1,246	309
Equity attributable to shareholders of the parent company at 31 December	23,597	22,221	14,815
Minority interest			
Balance at 1 January	1,931	1,737	1,301
Additions	208	202	367
Reductions	—	(49)	—
Acquisitions/disposals	203	(136)	(30)
Profit attributable to minority interests	65	61	75
Currency translation differences	(46)	133	33
Other movements	(63)	(17)	(9)
Equity attributable to minority interests at 31 December	2,298	1,931	1,737
Total equity at 31 December	25,895	24,152	16,552

FINANCIAL INFORMATION ABN AMRO HOLDING N.V.

Consolidated statement of comprehensive income for the year ended 31 December

	2006	2005	2004
	(in millions of euros)		
Profit attributable to shareholders of the parent company	4,715	4,382	3,865
Gains/(losses) not recognised in income:			
Currency translation differences	(427)	1,100	(240)
Available-for-sale assets	(233)	717	509
Cash flow hedges	735	(386)	106
	75	1,431	375
Net unrealised (gains)/losses reclassified to income:			
Currency translation differences relating to disposed subsidiaries	(7)	(20)	2
Available-for-sale assets	(602)	(348)	(251)
From cash flow hedging reserve	(215)	(126)	(224)
	(824)	(494)	(473)
Comprehensive income for the year	3,966	5,319	3,767

The statement of comprehensive income for the year presents all movements in equity attributable to shareholders of the parent company other than changes in issued share capital and distributions to shareholders.

FINANCIAL INFORMATION ABN AMRO HOLDING N.V.

Consolidated cash flow statement at 31 December

	2006	2005	2004
	(in millions of euros)		
Operating activities			
Profit for the year	4,780	4,443	3,940
Less: Profit from discontinued operations	609	187	1,651
Profit from continuing operations	4,171	4,256	2,289
Adjustments for significant non-cash items included in income			
Depreciation, amortisation and impairment	1,331	1,004	1,218
Loan impairment losses	2,108	871	777
Share of result in equity accounted investments	(243)	(263)	(206)
Movements in operating assets and liabilities			
Movements in operating assets[36]	(77,392)	(105,368)	(119,343)
Movements in operating liabilities[36]	64,981	80,461	98,722
Other adjustments			
Dividends received from equity accounted investments	72	63	59
Cash flows from operating activities from continuing operations	(4,972)	(18,976)	(16,484)
Net cash flows from operating activities from discontinued operations	314	200	437
Investing activities			
Acquisition of investments	(180,228)	(142,423)	(78,760)
Sales and redemption of investments	172,454	129,811	76,338
Acquisition of property and equipment	(1,138)	(2,028)	(1,966)
Sales of property and equipment	255	1,063	1,131
Acquisition of intangibles (excluding goodwill and MSRs)	(800)	(431)	(335)
Sales of intangibles (excluding goodwill and MSRs)	12	9	50
Acquisition of subsidiaries and equity accounted investments	(7,449)	(1,702)	(276)
Disposal of subsidiaries and equity accounted investments	258	530	153
Cash flows from investing activities from continuing operations	(16,636)	(15,171)	(3,665)
Net cash flows from investing activities from discontinued operations	1,574	(14)	2,513
Financing activities			
Issuance of subordinated liabilities	4,062	2,975	2,203
Repayment of subordinated liabilities	(4,430)	(1,664)	(2,690)
Issuance of other long-term funding	35,588	35,483	21,863
Repayment of other long-term funding	(14,343)	(6,453)	(6,180)
Proceeds from the issue of shares	-	2,491	-
Net (decrease)/increase in treasury shares	(2,061)	32	(513)
Other	276	92	334
Dividends paid	(807)	(659)	(694)
Cash flows from financing activities from continuing operations	18,285	32,297	14,323
Net cash flows from financing activities from discontinued operations	-	(1,185)	2,422
Movement in cash and cash equivalents	(1,435)	(2,849)	(454)
Cash and cash equivalents at 1 January	6,043	8,603	9,016
Currency translation differences	264	289	41

	2006	2005	2004
		(in millions of euros)	
Cash and cash equivalents at 31 December	4,872	6,043	8,603

SUPPLEMENTAL CONDENSED INFORMATION

The following consolidating information presents condensed consolidating balance sheets as at 31 December 2006 and 2005 and condensed consolidating statements of income and cash flows for the years ended 31 December 2006, 2005 and 2004 of ABN AMRO Holding N.V., ABN AMRO Bank N.V. and its subsidiaries. These statements are prepared in accordance with IFRS.

The condensed balance sheets as at 31 December 2006 and 2005 are presented in the following tables:

Condensed consolidating balance sheet as at 31 December 2006

(in millions of euros)	Holding company	Bank company	Lasalle Funding LLC	Subsidiaries	Eliminate and reclassify	ABN AMRO consolidated
Cash and balances at central banks	-	6,379	-	5,938	-	12,317
Financial assets held for trading	-	187,802	-	19,159	(1,225)	205,736
Financial Investments	20	88,857	-	50,863	(14,359)	125,381
Loans and receivables – banks	2,487	185,121	489	117,500	(170,778)	134,819
Loans and receivables – customers	-	258,139	-	227,000	(41,884)	443,255
Equity accounted investments	21,940	26,423	-	1,338	(48,174)	1,527
Property and equipment	-	1,532	-	4,738	-	6,270
Goodwill and other intangible assets	-	4,928	-	4,479	-	9,407
Assets of businesses held for sale	-	-	-	12,048	(198)	11,850
Accrued income and prepaid expenses	-	4,984	-	4,306	-	9,290
Other assets	3	8,647	-	18,563	(1)	27,212
Total assets	24,450	772,812	489	465,932	(276,619)	987,064
Financial liabilities held for trading	-	136,571	-	8,793	-	145,364
Due to banks	-	195,382	-	139,190	(146,583)	187,989
Due to customers	20	303,615	-	124,830	(66,082)	362,383
Issued debt securities	-	88,358	489	128,783	(15,584)	202,046
Provisions	-	1,348	-	6,500	2	7,850
Liabilities of businesses held for sale	-	-	-	3,905	(198)	3,707
Accrued expenses and deferred income	-	6,462	-	4,178	-	10,640
Other liabilities	65	6,139	-	15,773	-	21,977
Subordinated liabilities	768	12,997	-	5,448	-	19,213
Shareholders equity attributable to the parent company	23,597	21,940	-	26,234	(48,174)	23,597
Minority interests	-	-	-	2,298	-	2,298
Total liabilities and equity	24,450	772,812	489	465,932	(276,619)	987,064

Condensed consolidating balance sheet as at 31 December 2006 (continued)

(in millions of euros)	Holding company	Bank company	Lasalle Funding LLC	Subsidiaries	Eliminate and reclassify	ABN AMRO consolidated
Reconciliation to US GAAP						
Shareholders equity attributable to the parent company as reported in the condensed balance sheet	23,597	21,940	-	26,234	(48,174)	23,597
US GAAP Adjustments:						
Goodwill and business combinations	-	586	-	3,860	-	4,446
Allowance of loan loss	-	-	-	(540)	-	(540)
Financial investments	-	110	-	(6)	-	104
Private equity investments	-	-	-	175	-	175
Pensions	-	(634)	-	(24)	-	(658)
Share based payments	-	-	-	-	-	-
Restructuring provisions	-	15	-	45	-	60
Derivatives used for hedging	-	215	-	35	-	250
Mortgage banking activities	-	-	-	162	-	162
Other fair value differences	-	(119)	-	-	-	(119)
Preference shares	768	-	-	-	-	768
Other equity and income differences	-	18	-	22	-	40
Taxes	-	83	-	(288)	-	(205)
Reconciling items subsidiaries (net)	3,715	3,441	-	-	(7,156)	-
Shareholders equity and net profit unde US GAAP	28,080	25,655	-	29,675	(55,330)	28,080

Condensed consolidating balance sheet as at 31 December 2005

(*in millions of euros*)

	Holding company	Bank company	Lasalle Funding LLC	Subsidiaries	Eliminate and reclassify	ABN AMRO consolidated
Cash and balances at central banks	-	11,402	-	5,255	-	16,657
Financial assets held for trading	-	179,895	-	22,592	(432)	202,055
Financial Investments	20	79,215	-	44,539	-	123,774
Loans and receivables – banks	3,685	136,516	386	98,509	(130,461)	108,635
Loans and receivables – customers	-	246,646	-	187,168	(53,566)	380,248
Equity accounted investments	19,332	21,145	-	1,151	(38,635)	2,993
Property and equipment	-	1,631	-	6,479	-	8,110
Goodwill and other intangible assets	-	467	-	4,701	-	5,168
Accrued income and prepaid expenses	-	4,013	-	3,602	(1)	7,614
Other assets	4	8,841	-	16,708	(3)	25,550
Total assets	23,041	689,771	386	390,704	(223,098)	880,804
Financial liabilities held for trading	-	138,747	-	9,841	-	148,588
Due to banks	-	174,741	-	121,789	(128,709)	167,821
Due to customers	20	267,769	-	103,119	(53,825)	317,083
Issued debt securities	-	60,953	386	111,070	(1,790)	170,619
Provisions	-	1,632	-	4,779	-	6,411
Accrued expenses and deferred income	-	4,724	-	3,611	-	8,335
Other liabilities	32	8,877	-	9,960	(146)	18,723
Subordinated liabilities	768	12,996	-	5,301	7	19,072
Shareholders equity attributable to the parent company	22,221	19,332	-	19,303	(38,635)	22,221
Minority interests	-	-	-	1,931	-	1,931
Total liabilities and equity	23,041	689,771	386	390,704	(223,098)	880,804
Reconciliation to US GAAP						
Shareholders equity attributable to the parent company as reported in the condensed balance sheet	22,221	19,332	-	19,303	(38,635)	22,221
US GAAP Adjustments:						
Goodwill and business combinations	-	968	-	4,835	-	5,803
Allowance of loan loss	-	-	-	(538)	-	(538)
Financial investments	-	(126)	-	34	-	(92)
Private equity investments	-	-	-	63	-	63
Pensions	-	(109)	-	186	-	77
Share based payments	-	-	-	-	-	-
Restructuring provisions	-	223	-	-	-	223
Derivatives used for hedging	-	297	-	65	-	362
Mortgage banking activities	-	-	-	232	-	232
Other fair value differences	-	155	-	-	-	155
Preference shares	768	-	-	-	-	768
Other equity and income differences	-	-	-	33	-	33
Taxes	-	(790)	-	(23)	-	(813)
Reconciling items subsidiaries (net)	5,505	4,887	-	-	(10,392)	-
Shareholders equity and net profit unde US GAAP	28,494	24,837	-	24,190	(49,027)	28,494

SUPPLEMENTAL CONDENSED INFORMATION

Supplemental Condensed Consolidating Statement of Income

The condensed statements of income for the years ended 31 December 2006, 2005 and 2004 are presented in the following tables:

Supplemental condensed consolidating statement of income 2006

(in millions of euros)

	Holding company	Bank company	Lasalle Funding LLC	Subsidiaries	Eliminate and reclassify	ABN AMRO consolidated
Net interest income	66	3,566	-	6,943	-	10,575
Results from consolidated subsidiaries	4,681	3,803	-	-	(8,484)	-
Net commissions	-	2,303	-	3,759	-	6,062
Trading income	-	2,344	-	635	-	2,979
Results from financial transactions	-	193	-	894	-	1,087
Other operating income	-	478	-	6,460	-	6,938
Total operating income	4,747	12,687	-	18,691	(8,484)	27,641
			-			
Operating expenses	2	7,360		13,351	-	20,713
Provision loan losses	-	499	-	1,356	-	1,855
Operating profit before tax	4,745	4,828	-	3,984	(8,484)	5,073
Taxes	30	147	-	725	-	902
Discontinued operations	-	-	-	609	-	609
Profit for the year	4,715	4,681	-	3,868	(8,484)	4,780
Minority interests	-	-	-	65	-	65
Net profit attributable to shareholders o the parent company	4,715	4,681	-	3,803	(8,484)	4,715
Reconciliation to US GAAP						
Goodwill and business combinations	-	(4)	-	(851)	-	(855)
Allowance of loan loss	-	-	-	(58)	-	(58)
Financial investments	-	42	-	(28)	-	14
Private equity investments	-	-	-	90	-	90
Pensions	-	(208)	-	(29)	-	(237)
Share based payments	-	-	-	-	-	-
Restructuring provisions	-	(78)	-	(82)	-	(160)
Derivatives used for hedging	-	1,129	-	-	-	1,129
Mortgage banking activities	-	-	-	(54)	-	(54)
Other fair value differences	-	(274)	-	-	-	(274)
Preference shares	36	-	-	-	-	36
Other equity and income differences	-	21	-	42	-	63
Taxes	-	(187)	-	239	-	52
Reconciling items subsidiaries (net)	(290)	(731)	-	-	1,021	-
Net profit under US GAAP	4,461	4,391	-	3,072	(7,463)	4,461

Supplemental condensed consolidating statement of income 2005

(*in millions of euros*)	Holding company	Bank company	Lasalle Funding LLC	Subsidiaries	Eliminate and reclassify	ABN AMRO consolidated
Net interest income	17	3,742	-	5,026	-	8,785
Results from consolidated subsidiaries	4,398	2,646	-	-	(7,044)	-
Net commissions	(31)	2,062	-	2,660	-	4,691
Trading income	-	2,231	-	390	-	2,621
Results from financial transactions	-	518	-	763	-	1,281
Other operating income	-	240	-	4,716	-	4,956
Total operating income	4,384	11,439	-	13,555	(7,044)	22,334
Operating expenses	(6)	6,585	-	9,722	-	16,301
Provision loan losses	-	149	-	486	-	635
Operating profit before tax	4,390	4,705	-	3,347	(7,044)	5,398
Taxes	8	307	-	827	-	1,142
Discontinued operations	-	-	-	187	-	187
Profit for the year	4,382	4,398	-	2,707	(7,044)	4,443
Minority interests	-	-	-	61	-	61
Net profit attributable to shareholders o the parent company	4,382	4,398	-	2,646	(7,044)	4,382
Reconciliation to US GAAP						
Goodwill and business combinations	-	-	-	(173)	-	(173)
Allowance of loan loss	-	-	-	99	-	99
Financial investments	-	(662)	-	-	-	(662)
Private equity investments	-	-	-	69	-	69
Pensions	-	(307)	-	(32)	-	(339)
Share based payments	-	(73)	-	-	-	(73)
Restructuring provisions	-	(191)	-	(28)	-	(219)
Derivatives used for hedging	-	(882)	-	(48)	-	(930)
Mortgage banking activities	-	-	-	1	-	1
Other fair value differences	-	96	-	-	-	96
Preference shares	36	-	-	-	-	36
Other equity and income differences	-	5	-	(39)	-	(34)
Taxes	-	584	-	33	-	617
Reconciling items subsidiaries (net)	(1,548)	(118)	-	-	(1,666)	-
Net profit under US GAAP	2,870	2,850	-	2,528	(5,378)	2,870

Supplemental condensed consolidating statement of income 2004

(in millions of euros)

	Holding company	Bank company	Lasalle Funding LLC	Subsidiaries	Eliminate and reclassify	ABN AMRO consolidated
Net interest income	(77)	4,066	-	4,536	-	8,525
Results from consolidated subsidiaries	3,948	2,632	-	-	(6,580)	-
Net commissions	-	1,734	-	2,751	-	4,485
Trading income	-	1,046	-	263	-	1,309
Results from financial transactions	-	236	-	669	-	905
Other operating income	-	193	-	3,374	-	3,567
Total operating income	3,871	9,907	-	11,593	(6,580)	18,791
Operating expenses	5	7,026	-	8,149	-	15,180
Provision loan losses	-	186	-	421	-	607
Operating profit before tax	3,866	2,695	-	3,023	(6,580)	3,004
Taxes	1	(196)	-	910	-	715
Discontinued operations	-	1,057	-	594	-	1,651
Profit for the year	3,865	3,948	-	2,707	(6,580)	3,940
Minority interests	-	-	-	75	-	75
Net profit attributable to shareholders o the parent company	3,865	3,948	-	2,632	(6,580)	3,865
Reconciliation to US GAAP						
Goodwill and business combinations	-	(784)	-	(148)	-	(932)
Allowance of loan loss	-	798	-	-	-	798
Financial investments	-	(500)	-	-	-	(500)
Private equity investments	-	-	-	133	-	133
Pensions	-	(71)	-	(18)	-	(89)
Share based payments	-	29	-	-	-	29
Restructuring provisions	-	356	-	(49)	-	307
Derivatives used for hedging	-	(450)	-	(109)	-	(559)
Mortgage banking activities	-	-	-	(139)	-	(139)
Other fair value differences	-	(252)	-	-	-	(252)
Preference shares	87	-	-	-	-	87
Other equity and income differences	-	(61)	-	(100)	-	(161)
Taxes	-	160	-	77	-	237
Reconciling items subsidiaries (net)	(1,128)	(353)	-	-	1,481	-
Net profit under US GAAP	2,824	2,820	-	2,279	(5,099)	2,824

Supplemental Consolidating Statement of Cash Flows

The condensed statements of cash flows for the years ended 31 December 2006, 2005 and 2004 are presented in the following tables:

Condensed consolidating statement of cash flows 2006

(*in millions of euros*)	Holding company	Bank company	Lasalle Funding LLC	Subsidiaries	Eliminate and reclassify	ABN AMRO consolidated
Net cash flows from operating activities from continuing operations	1,537	(265)	-	(2,928)	(3,316)	(4,972)
Net cash flows from operating activities from discontinued operations	-	-	-	314	-	314
Total net cash flows	1,537	(265)	-	(2,614)	(3,316)	(4,658)
Net outflow of investment / sale of securities investment portfolios	-	(7,006)	-	(768)	-	(7,774)
Net outflow of investment / sale of participating interests	-	19	-	(7,210)	-	(7,191)
Net outflow of investment/sale of property and equipment	-	(125)	-	(758)	-	(883)
Net outflow of investment/sale of intangibles		(261)	-	(527)	-	(788)
Net outflow of investment/discontinued operations	-	-	-	1,574	-	1,574
Net cash flows from investing activities	**-**	**(7,373)**	**-**	**(7,689)**	**-**	**(15,062)**
Net increase (decrease) of subordinated liabilities	-	(1,017)	-	649	-	(368)
Net increase (decrease) of long-term funding	-	8,943	-	12,302	-	21,245
Net increase (decrease) of (treasury) shares	(2,061)	-	-	-	-	(2,061)
Other changes in equity	133	-	-	143	-	276
Cash dividends paid	(807)	(1,521)	-	(1,795)	3,316	(807)
Net cash flows from financing activities	**(2,878)**	**6,405**	**-**	**11,299**	**3,316**	**18,285**
Cash flows	**(1,198)**	**(1,233)**	**-**	**996**	**-**	**(1,435)**

Condensed consolidating statement of cash flows 2005

(*in millions of euros*)	Holding company	Bank company	Lasalle Funding LLC	Subsidiaries	Eliminate and reclassify	ABN AMRO consolidated
Net cash flows from operating activities from continuing operations	2,071	(14,255)	-	(4,437)	(2,355)	(18,976)
Net cash flows from operating activities from discontinued operations	-	-	-	200	-	200
Total net cash flows	2,071	(14,255)	-	(4,237)	(2,355)	(18,776)
Net outflow of investment / sale of securities investment portfolios	(10)	(10,777)	-	(1,825)	-	(12,612)
Net outflow of investment / sale of participating interests	-	(1,516)	-	(884)	1,228	(1,172)
Net outflow of investment/sale of property and equipment	-	(156)	-	(809)	-	(965)
Net outflow of investment/sale of intangibles	-	(252)	-	(170)	-	(422)
Net outflow of investment/discontinued operations	-	-	-	(14)	-	(14)
Net cash flow from investing activities	**(10)**	**(12,701)**	**-**	**(3,702)**	**1,228**	**(15,185)**
Net increase (decrease) of subordinated liabilities	-	1,347	-	(36)	-	1,311
Net increase (decrease) of long-term funding	-	20,996	-	8,034	-	29,030
Net increase (decrease) of (treasury) shares	2,523	-	-	-	-	2,523

(*in millions of euros*)

	Holding company	Bank company	Lasalle Funding LLC	Subsidiaries	Eliminate and reclassify	ABN AMRO consolidated
Other changes in equity	-	1,222	-	92	(1,222)	92
Cash dividends paid	(659)	(1,751)	-	(598)	2,349	(659)
Discontinued operations	-	-	-	(1,185)	-	(1,185)
Net cash flows from financing activities	**1,864**	**21,814**	**-**	**6,307**	**1,127**	**31,112**
Cash flows	**3,925**	**(5,142)**	**-**	**(1,632)**	**-**	**(2,849)**

Condensed consolidating statement of cash flows 2004

(*in millions of euros*)

	Holding company	Bank company	Lasalle Funding LLC	Subsidiaries	Eliminate and reclassify	ABN AMRO consolidated
Net cash flows from operating activities from continuing operations	967	(9,517)	-	(6,605)	(1,329)	(16,484)
Net cash flows from operating activities from discontinued operations	-	-	-	437	-	437
Total net cash flows	967	(9,517)	-	(6,168)	(1,329)	(16,047)
Net outflow of investment / sale of securities investment portfolios	-	(2,398)	-	(24)	-	(2,422)
Net outflow of investment / sale of participating interests	-	(2)	-	(1,775)	1,654	(123)
Net outflow of investment/sale of property and equipment	-	(194)	-	(641)	-	(835)
Net outflow of investment/sale of intangibles	-	(185)	-	(100)	-	(285)
Net outflow of investment/discontinued operations	-	-	-	2,513	-	2,513
Net cash flow from investing activities	**-**	**(2,779)**		**(27)**	**1,654**	**(1,152)**
Net increase (decrease) of subordinated liabilities	-	(548)	-	61	-	(487)
Net increase (decrease) of long-term funding	-	12,704	-	2,979	-	15,683
Net increase (decrease) of (treasury) shares	(513)	-	-	-	-	(513)
Other changes in equity	-	1,659	-	334	(1,659)	334
Cash dividends paid	(694)	(677)	-	(657)	1,334	(694)
Discontinued operations	-	-	-	2,422	-	2,422
Net cash flows from financing activities	**(1,207)**	**13,138**	**-**	**5,139**	**(325)**	**16,745**
Cash flows	**(240)**	**842**	**-**	**(1,056)**	**-**	**(454)**

Consolidated income statement

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
		(in millions of euros)		
Net interest income [4]	4,594	4,311	2,356	2,166
Net fee and commission income [5]	2,872	2,602	1,504	1,310
Net trading income [6]	1,940	1,477	939	654
Results from financial transactions [7]	667	321	314	230
Share of result in equity accounted investments [18]	139	124	70	74
Other operating income [8]	294	488	166	333
Income of consolidated private equity holdings [24]	2,783	2,634	1,390	1,388
Operating income	13,289	11,957	6,739	6,155
Personnel expenses [9]	4,281	3,596	2,183	1,843
General and administrative expenses	3,449	3,195	1,590	1,637
Depreciation and amortisation	626	564	294	289
Goods and materials of consolidated private equity holdings [24]	1,949	1,855	979	1,003
Operating expenses	10,305	9,210	5,046	4,772
Loan impairment and other credit risk provisions [17]	886	720	483	400
Total expenses	11,191	9,930	5,529	5,172
Operating profit before taxes	2,098	2,027	1,210	983
Income tax expense [10]	432	348	264	70
Profit from continuing operations	1,666	1,679	946	913
Profit from discontinued operations net of tax [11]	554	573	210	301
Profit for the period	2,220	2,252	1,156	1,214
Attributable to:				
Shareholders of the parent company	2,165	2,219	1,130	1,216
Minority interests	55	33	26	(2)
Earnings per share attributable to the shareholders of the parent company (in euros) [12]				
From continuing operations				
Basic	0.87	0.88	0.50	0.49
Diluted	0.86	0.88	0.50	0.49
From continuing and discontinued operations				
Basic	1.17	1.18	0.61	0.65
Diluted	1.16	1.18	0.61	0.64

Numbers stated against items refer to the notes in Annex 3 to the second quarter results release.

Consolidated balance sheet

	30 June 2007	31 December 2006
	(in millions of euros)	
Assets		
Cash and balances at central banks	14,485	12,317
Financial assets held for trading [13]	248,925	205,736
Financial investments [14]	101,701	125,381
Loans and receivables — banks [15]	183,338	134,819
Loans and receivables — customers [16]	441,904	443,255
Equity accounted investments [18]	1,591	1,527
Property and equipment	3,798	6,270
Goodwill and other intangible assets [19]	7,140	9,407
Assets of businesses held for sale [11]	84,442	11,850
Accrued income and prepaid expenses	9,822	9,290
Other assets	22,913	27,212
Total assets	1,120,059	987,064
Liabilities		
Financial liabilities held for trading [13]	159,709	145,364
Due to banks	254,299	187,989
Due to customers	354,260	362,383
Issued debt securities [20]	191,160	202,046
Provisions	7,951	7,850
Liabilities of businesses held for sale [11]	80,380	3,707
Accrued expenses and deferred income	8,710	10,640
Other liabilities	22,053	21,977
Total liabilities (excluding subordinated liabilities)	1,078,522	941,956
Subordinated liabilities [21]	14,707	19,213
Total liabilities	1,093,229	961,169
Equity		
Share capital	1,085	1,085
Share premium	5,257	5,245
Treasury shares	(2,213)	(1,829)
Retained earnings	19,843	18,599
Net gains not recognised in the income statement	709	497
Equity attributable to shareholders of the parent company	24,681	23,597
Equity attributable to minority interests	2,149	2,298
Total equity	26,830	25,895
Total equity and liabilities	1,120,059	987,064
Credit related contingent liabilities [22]	57,614	51,279
Committed credit facilities [22]	151,607	145,418

Numbers stated against items refer to the notes in Annex 3 to the second quarter results release.

For more detailed financial information please refer to the Annual Report 2006 in the Appendix attached hereto.
Please refer to the Holdings website (www.abnamro.com) for the most recent press releases.

CONDITIONS: GENERAL CONDITIONS

The General Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the Product Conditions. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions and, if not so defined, shall be inapplicable. References in these General Conditions to interest and Coupons (and related expressions) shall be ignored in the case of Securities which do not bear interest. References in these General Conditions to the Conditions shall mean these General Conditions and, in relation to any Securities, the Product Conditions applicable to those Securities.

2. STATUS

The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

3. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it shall have determined in its absolute discretion that for reasons beyond its control its performance thereunder shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power ("**Applicable Law**"). In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4.

4. NOTICES

(a) Validity. Unless otherwise specified in an Offering Supplement, announcements to Holders will be valid if delivered by the Issuer to the Clearing Agent(s) with an instruction from the Issuer to the Clearing Agent(s) to communicate such announcement to the Holders.

(b) Delivery. Any such announcement issued pursuant to General Condition 4(a) shall be deemed to be effective on the day following its delivery to the Clearing Agent (and if delivered to more than one Clearing Agent on the date first delivered to a Clearing Agent) or, if published as specified in the relevant Offering Supplement on the date of such publication (and if published in more than one country then on the date first published).

5. HEDGING DISRUPTION

(a) Notification. The Issuer shall as soon as reasonably practicable give instructions to the Calculation Agent to notify the Holders in accordance with General Condition 4(a): (i) if it determines that a Hedging Disruption Event has occurred; and (ii) of the consequence of such Hedging Disruption Event as determined by the Issuer pursuant to General Condition 5(c).

(b) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if the Issuer determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially to establish, re-establish, substitute or maintain a relevant hedging transaction (a "**Relevant Hedging Transaction**") it deems necessary or desirable to hedge the Issuer's obligations in respect of the Securities. The reasons for such determination by the Issuer may include, but are not limited to, the following:

(i) any material illiquidity in the market for the relevant instruments (the "**Disrupted Instrument**") which from time to time are included in the reference asset to which the Securities relate; or

(ii) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority); or

(iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or

(iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.

(c) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:

(i) terminate the Securities. In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Where the Securities contain provisions which provide a minimum assured return of principal, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons, howsoever expressed, on a relevant Interest Payment Date, any such amount to be paid under this General Condition shall not be less than the present value of such minimum assured return of principal and/or interest or coupons, such present value being determined by the Calculation Agent. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4;

(ii) make an adjustment in good faith to the relevant reference asset by removing the Disrupted Instrument at its fair market value (which may be zero). Upon any such removal the Issuer may: (A) hold any notional proceeds (if any) arising as a consequence thereof and adjust the terms of payment and/or delivery in respect of the Securities; or (B) notionally reinvest such proceeds in other reference asset(s) if so permitted under the Conditions (including the reference asset(s) to which the Securities relate);

(iii) make any other adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. Where the Securities contain provisions which provide a minimum assured return of principal, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons, howsoever expressed, on a relevant Interest Payment Date, any such adjustment will in no way affect the Issuer's

obligations to make payment to the Holders not less than the minimum assured return of principal and/or interest or coupons on the relevant Settlement Date or Maturity Date, or Interest Payment Date, as applicable.

6. PURCHASES, FURTHER ISSUES BY THE ISSUER AND PRESCRIPTION

(a) Purchases. The Issuer or any Affiliate may, except under certain circumstances, purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held, surrendered for cancellation or reissued or resold, and Securities so reissued or resold shall for all purposes be deemed to form part of the original series of Securities.

In this General Condition 6(a) "**Affiliate**" means any entity controlled directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means the ownership of a majority of the voting power of the entity and "**controlled by**" and "**controls**" shall be construed accordingly.

(b) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Holders or any of them to create and issue further securities so as to be consolidated with and form a single series with the Securities.

(c) Prescription. Any Security or Coupon which is capable of presentation and is not so presented by its due date for presentation shall be void, and its value reduced to zero, if not so presented within five years of such due date. For the avoidance of doubt, any Securities which are subject to provisions relating to their exercise shall be void, and their value shall be zero, if not exercised in accordance with their provisions.

7. DETERMINATIONS AND MODIFICATIONS

(a) Determinations. Any determination made by the Issuer shall (save in the case of manifest error) be final, conclusive and binding on the Holders.

(b) Modifications. The Issuer may without the consent of the Holders or any of them, modify any provision of the Conditions which is: (i) of a formal, minor or technical nature; (ii) made to correct a manifest error; or (iii) in its absolute discretion, not materially prejudicial to the interests of the Holders. Notice of any such modification will be given to the Holders in accordance with General Condition 4 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

8. SUBSTITUTION

(a) Substitution of Issuer. The Issuer may at any time, without the consent of the Holders substitute for itself as principal obligor under the Securities any company (the "**Substitute**"), being any subsidiary or affiliate of the Issuer, subject to: (i) the obligation of the Substitute under the Securities being guaranteed by ABN AMRO Holding N.V. ("**Holding**") (unless Holding is the Substitute); (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect; and (iii) the Issuer having given at least 30 days' prior notice of the date of such substitution to the Holders in accordance with General Condition 4. In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall from such time be construed as a reference to the Substitute.

(b) Substitution of Office. The Issuer shall have the right upon notice to the Holders in accordance with General Condition 4 to change the office through which it is acting and shall specify the date of such change in such notice.

9. TAXATION

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Securities. In relation to each Security the relevant Holder shall pay all Expenses as provided in the Product Conditions. All payments or, as the case may be, deliveries in respect of the Securities will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax duty or other charge whatsoever). The Holder shall be liable for and/or pay, any tax, duty or charge in connection with, the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. Each Holder shall indemnify the Issuer against any loss, cost or other liability whatsoever sustained or incurred by the Issuer in respect of any such tax, duty, charge, withholding or other payment as referred to above in respect of the Securities of such Holder.

10. REPLACEMENT OF SECURITIES AND COUPONS

If any Security or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Agent (or such other place of which notice shall have

be given to Holders in accordance with General Condition 4) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities and Coupons must be surrendered before replacements will be issued. This General Condition will not apply to Securities issued in dematerialised form.

11. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

(a) Redenomination. The Issuer may, without the consent of any Holder, on giving notice to the Holders in accordance with General Condition 4 elect that, with effect from the Adjustment Date specified in such notice, certain terms of the Securities shall be redenominated in euro. The election will have effect as follows:

(i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, whether as from 1999 or after such date, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;

(ii) where the Conditions contain a rate of exchange or any of the Conditions are expressed in a currency (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, whether as from 1999 or after such date, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and

(iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.

(b) Adjustment to Conditions. The Issuer may, without the consent of the Holders, on giving notice to the Holders in accordance with General Condition 4 make such adjustments to the Conditions as the Issuer may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

(c) Euro Conversion Costs. Notwithstanding General Condition 11(a) and/or General Condition 11(b), none of the Issuer, the Calculation Agent nor any Agent shall be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

(d) Definitions Relating to European Economic and Monetary Union. In this General Condition, the following expressions have the meanings set out below.

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Holders pursuant to this Condition which falls, if the currency is that of a country not initially participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, on or after such later date as such country does so participate;

"**Established Rate**" means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into euro established by the Council of the European Union pursuant to the first sentence of Article 123(4), formerly 109 L (4) of the Treaty;

"**National Currency Unit**" means the unit of the currency of a country as those units are defined on the day before the start of the third stage of European Economic and Monetary Union pursuant to the Treaty or, in connection with the expansion of such third stage, to any country which has not initially participated in such third stage; and

"**Treaty**" means the treaty establishing the European Community.

12. AGENTS

(a) Principal Agent and Agents. The Issuer reserves the right at any time to vary or terminate the appointment of any agent (the "**Agent**") and to appoint further or additional Agents, provided that no termination of appointment of the principal agent (the "**Principal Agent**") shall become effective until a replacement Principal Agent shall have been appointed and provided that, if and to the extent that any of the Securities are listed on any stock exchange or publicly offered in any jurisdiction, there shall be an Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction and provided further that, if and to the extent that any of the Securities are in registered form, there shall be a Registrar and a Transfer Agent (which may be the Registrar), if so specified in the relevant Product Conditions. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will

be given to Holders in accordance with General Condition 4. Each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders or any of them. Any calculations or determinations in respect of the Securities made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Holders.

(b) Calculation Agent. The Issuer shall undertake the duties of calculation agent (the "**Calculation Agent**" which expression shall include any successor Calculation Agent) in respect of the Securities unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any termination or appointment will be given to the Holders in accordance with General Condition 4.

The Calculation Agent (except where it is the Issuer) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. Where the Issuer acts in the capacity of the Calculation Agent it does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. In any event, any calculations or determinations in respect of the Securities made by the Calculation Agent (whether or not the Issuer) shall (save in the case of manifest error) be final, conclusive and binding on the Holders.

The Calculation Agent (except where it is the Issuer) may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate. Where the Calculation Agent is the Issuer it may delegate any of its obligations and functions to a third party as it deems appropriate.

13. SURRENDER OF UNMATURED COUPONS

Each Security should be presented for redemption, where applicable, together with all unmatured Coupons relating to it. Upon the due date for redemption of any Security, where applicable, all unmatured Coupons relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof. This General Condition will not apply to Securities issued in dematerialised form.

14. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any Condition. The preceding sentence shall not affect any right or remedy of any person which exists or is available apart from that Act.

15. GOVERNING LAW AND JURISDICTION

(a) The Conditions are governed by and shall be construed in accordance with English law.

(b) The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or in connection with the Securities.

(c) Subparagraph (b) is for the benefit of the Holders only. As a result, nothing prevents any Holder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Holders may take concurrent Proceedings in any number of jurisdictions.

(d) The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

III CONDITIONS: PRODUCT CONDITIONS

THE FOLLOWING PAGES SET OUT SPECIMENS OF THE FORMS OF PRODUCT CONDITIONS APPLICABLE TO THE TYPES OF INSTRUMENTS SPECIFIED. THESE SPECIMEN FORMS MAY FROM TIME TO TIME AND WITHOUT NOTICE TO OR CONSENT FROM EXISTING HOLDERS BE SUPPLEMENTED BY FURTHER OR ADDITIONAL SPECIMEN FORMS OF PRODUCT CONDITIONS.

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III CONDITIONS: 1. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO SINGLE STOCK EQUITY LINKED NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

$$[\bullet] \times \text{Nominal Amount} \times \left(\frac{\text{Final Reference Price}}{\text{Initial Reference Price}} \right)$$

[,provided that the Cash Amount shall not be less than the Nominal Amount]. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [*Insert Name*] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Exchange**" means the exchange or quotation system where the Shares have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount equal to the price of a Share quoted on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Form**" means [Definitive / Global];

"**Initial Reference Price**" means [·], subject to adjustment in accordance with Product Condition 4;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Nominal Amount**" means [*ccy*] [*amount*];

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

"**Securities**" means [*the / up to*] [*quantity*] cash settled notes relating to the Shares and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Share**" means [·] ([ISIN/CUSIP ·]), subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Company**" means [·];

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means [·] or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day, in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[•]/the official close of trading on the relevant Exchange in relation to a Share] or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the "**Holder**") of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global then, the Securities will be represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being

shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer, in respect of each Nominal Amount, at the Cash Amount, such redemption to occur on the Settlement Date.

(b) Interest. The Securities bear no interest and no payment shall be made on account thereof.

(c) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of

the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed in Global form, payments will be made via the Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(d) Presentation and Surrender. Payment of the Cash Amount will be made against surrender of the Security by or on behalf of the Holder at the specified office of the relevant Agent. The Issuer shall record all payments made to the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made. The bearer of a Security shall be the only person entitled to receive payments of the Cash Amount and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Security, or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Security.

(e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount.

(g) Expenses. In respect of each Security, all Expenses in respect thereof shall be for the account of the relevant Holder and no payment of the Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(h) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force on the Settlement Date and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances

be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean:

(1) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a call by the Issuer in respect of relevant Shares that are not fully paid; (E) a repurchase by the Issuer of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (F) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below.

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an

amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing

and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

(d) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

III CONDITIONS: 2. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO EQUITY INDEX LINKED NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

$$[\bullet] \times \text{Nominal Amount} \times \left(\frac{\text{Final Reference Price}}{\text{Initial Reference Price}} \right)$$

[,provided that the Cash Amount shall not be less than the Nominal Amount]. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified .] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Exchange**" means the exchange or quotation system where the shares that comprise the Index have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, the level of the Index (expressed in the relevant currency) at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Form**" means [Definitive / Global];

"**Index**" means [·], subject to Product Condition 4;

"**Index Sponsor**" means [·] and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Initial Reference Price**" means [·], subject to adjustment in accordance with Product Condition 4;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Nominal Amount**" means [*ccy*] [*amount*];

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Securities**" means [*the / up to*] [*quantity*] cash settled notes relating to the Index and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other

than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date** " means [·] or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day, in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/the time with reference to which the Index Sponsor calculates the closing level of the Index] or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the "**Holder**") of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global then, the Securities will be represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the

Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer, in respect of each Nominal Amount, at the Cash Amount, such redemption to occur on the Settlement Date.

(b) Interest. The Securities bear no interest and no payment shall be made on account thereof.

(c) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed in

Global form, payments will be made via the Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(d) Presentation and Surrender. Payment of the Cash Amount will be made against surrender of the Security by or on behalf of the Holder at the specified office of the relevant Agent. The Issuer shall record all payments made to the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made. The bearer of a Security shall be the only person entitled to receive payments of the Cash Amount and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Security, or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Security.

(e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount.

(g) Expenses. In respect of each Security, all Expenses in respect thereof shall be for the account of the relevant Holder and no payment of the Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(h) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean: the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise), (A) on an Exchange in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1) or (2) below.

(1) If the Index is: (A) not calculated and announced by the Index sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(2) If: (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Index Sponsor or, if

applicable the Successor Sponsor, fails to calculate and publish the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

(3) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

III CONDITIONS: 3. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO REVERSE EXCHANGEABLE BONDS

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business; and (ii) [physical settlement method];

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

[•]× Nominal Amount

[,provided that the Cash Amount shall not be less than the Nominal Amount.] [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate.] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Coupon**" means an interest coupon attached to the Definitive (if any) representing an entitlement in respect of each Interest Amount;

"**Cut-off Date**" means [·];

"**Delivery Details**" means, where applicable, account details and/or name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered;

"**Determination Date**" means [·] Trading Days prior to the Maturity Date or such other date fixed for redemption;

"**Disruption Cash Settlement Price**" means, with respect to each Security, the fair market value of such Security on such day as shall be selected by the Issuer less the cost to the Issuer of unwinding any related hedging arrangement, all as determined by the Issuer;

"**Exchange**" means the exchange or quotation system where the Shares have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Form**" means [Definitive / Global];

"**Interest Amount**" means, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;

"**Interest Payment Date**" means [·] and the Maturity Date;

"**Interest Period**" means the period [commencing on (and including) / commencing from (and excluding) the Issue Date] to [(but excluding) / (and including)] the first Interest Payment Date and each period [commencing on (and including) / commencing from (and excluding)] an Interest Payment Date to [(but excluding) / (and including)] the next following Interest Payment Date;

"**Interest Rate**" means [·] per cent. per annum;

"**Interest Rate Day Count Fraction**" means that interest shall be calculated on the basis of [·];

"**Issue Date**" means [·];

"**Maturity Date**" means [·];

"**Nominal Amount**" means [*ccy*] [*amount*];

"**Notice**" has the meaning ascribed thereto in Product Condition 3;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security); or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Pricing Date**" means [·]. If, however, in the opinion of the Issuer adverse market conditions prevail and the Issuer determines that circumstances so require, the Issuer may adjust such Pricing Date as it considers appropriate;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

"**Securities**" means [*the / up to*] [*quantity*] cash settled bonds relating to the Shares and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Disruption Event**" means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it decides at the relevant time for delivery of the relevant Share Amount;

"**Share**" means [·] (CUSIP / ISIN [·]), subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Amount**" means for each Nominal Amount, a number of Shares determined by the Calculation Agent as being the Nominal Amount divided by the official closing price per Share quoted on the Exchange on the Pricing Date, subject to adjustment in accordance with Product Condition 4. If the Share Amount is an amount other than a whole number of Shares, the Holders will receive a Share Amount comprising of the nearest whole number (rounded down) of Shares (taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the relevant Share Amounts), and an amount in EUR which shall be the value of the outstanding fraction of a Share, as calculated by the Calculation Agent on the basis of the official closing price of the Shares as quoted on the Exchange on the Determination Date on which there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Determination Date. In that case (i) the fifth Trading Day shall be deemed to be the Determination Date for the purposes of calculating the value of

any outstanding fraction of Shares (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the such value having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant);

"**Share Company**" means [·].

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the "**Holder**") of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global then, the Securities will be represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the

Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Redemption on the Maturity Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer, at the sole option of the Issuer, either, in respect of each Nominal Amount:

(1) at the Cash Amount; or

(2) by delivery of the Share Amount,

such redemption to occur, subject as provided below, on the Maturity Date.

The Issuer will give notice to the Holders in accordance with General Condition 4 on or before the Determination Date stating whether it will redeem the Securities in accordance with Product Condition 3(a)(1) or 3(a)(2) above provided that if the Issuer fails to give such notice it shall be deemed to have elected to redeem the Securities in accordance with Product Condition 3(a)(1).

(b) Interest Amount. In respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction.

(c) Interest Accrual. Each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date in the event that delivery of any Share Amount is postponed due to the occurrence of a Settlement Disruption Event.

(d) Method of Payment. Subject as provided below, where the Cash Amount or the Interest Amount is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount or Interest Amount is in euro, such payments will

be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed in Global form, payments will be made via the Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(e) Presentation and Surrender. Payment of the Cash Amount and the Interest Amount will be made against surrender of the Security and Coupon respectively (if Definitive) at the specified office of the Agent or the Global Security (if Global) by or on behalf of the Holder at the specified office of the relevant Agent. The Issuer shall record all payments made to the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made. The bearer of a Security shall be the only person entitled to receive payments of the Cash Amount or as the case may be the Interest Amount and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Security, or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Security.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount or the Interest Amount.

(h) Notice. If the Securities are to be redeemed by delivery of the Share Amount then, in order to obtain delivery of the Share Amount the relevant Holder must deliver to the Agent (if the Securities are expressed to be in Definitive form) or the Clearing Agent, (if the Securities are expressed to be in Global form) in each case with a copy to the Principal Agent a notice (the "**Notice**") not later than close of business in the place of reception thereof on the Cut-Off Date. No Notice may be withdrawn after receipt of it by a Clearing Agent, Agent or Principal Agent. After delivery of a Notice, Securities which are the subject of such Notice may not be transferred.

The Notice shall:

(1) specify the aggregate Nominal Amount of the Securities which are the subject of such Notice;

(2) attach with the specified aggregate Nominal Amount of the Securities (if in Definitive form) or specify the number of the account with the Clearing Agent to be debited with such Securities (if in Global form) and instruct the Clearing Agent to debit such account on such date;

(3) specify whether, if a Disruption Amount or any dividend is payable in a currency other than euro, it should be paid by or on behalf of the Issuer in the Settlement Currency (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) to an account maintained by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; or if such amount is payable in euro, payments will be made by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque and in any case specify the number of the account and other relevant information or, as the case may be, the address for delivery of the cheque;

(4) include an undertaking to pay all Expenses and an authority to debit the account with the Clearing Agent in respect thereof or, as the case may be, to debit the account referred to in paragraph (3) above or make a deduction from any cheque; and

(5) specify the account details and/or name and address of any person into whose name evidence of the Share Amount is to be registered and /or any person to whom documents evidencing title are to be delivered.

(i) Late Delivery of Notice. If the Notice is delivered to the relevant Clearing Agent or the copy is delivered to the Principal Agent after the close of business in the place of receipt on the Cut-off Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being for the purposes of the Conditions the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no holder of Securities or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Notice (or the copy thereof) being delivered after close of business on the Cut-off Date as provided above. In the event that a Holder does not, in respect of a Security which is to be redeemed by delivery of the Share

Amount, deliver or procure delivery of a Notice as set out above, prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount in respect of such Security in the open market or otherwise at a price determined by the Issuer, in its sole discretion, to be the fair market value of the Shares, and shall hold the proceeds (the "**Realised Share Amount**") for the account of the relevant Holder, until presentation of the relevant Notice. Upon payment of the Realised Share Amount as aforesaid, the Issuer's obligations in respect of such Security shall be discharged.

(j) Verification. In respect of any Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(k) Delivery of the Share Amount. Subject as provided in the Conditions, the delivery of the Share Amount shall be made at the risk of the relevant Holder and shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Shares or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of any Holder or any other person as the registered shareholder in respect of the Shares comprised in any Share Amount in the register of members of the Share Company.

(l) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether any such Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or where applicable, which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void. If such Notice is subsequently corrected to the satisfaction of the Principal Agent it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent. The Principal Agent shall use its best efforts promptly to notify the Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(m) Expenses. In respect of each Security, all Expenses in respect thereof shall be for the account of the relevant Holder and no payment of the Cash Amount in respect of a

Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(n) Intervening Period. If redemption of a Security is to be by delivery of the Share Amount, for such period of time after the Maturity Date as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of any document or payment whatsoever received by that person in its capacity as the holder of such Shares (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the relevant Holder or any subsequent beneficial owner of such Shares or any other person in respect of any loss or damage which the relevant Holder or subsequent beneficial owner or any other person may sustain or suffers as a result, whether directly or indirectly, of the Issuer or any other such persons being the legal owner of such Shares during such Intervening Period.

(o) Dividends. Any dividend in respect of any Share Amount to be delivered will be payable to the party, as determined by the Issuer, that would receive such dividend in accordance with market practice for a sale of the Shares executed on the Maturity Date and to be delivered in the same manner as such Share Amount. Any such dividend to be paid to a Holder shall be paid to the account specified in the relevant Delivery Notice.

(p) Settlement Disruption. If, prior to the delivery in accordance with the Conditions of the Share Amount in respect of any Security, in the determination of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Delivery Date for such Security shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting. For so long as delivery of any Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election is given to the Holders in accordance with General Condition 4. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 that a Settlement Disruption Event has occurred. No Holder or any other person shall be entitled to any payment (including but not limited to interest) in respect of a Security in the event of any delay in the delivery of any Share Amount relating

thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

(q) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a call by the Issuer in respect of relevant Shares that are not fully paid; (E) a repurchase by the Issuer of relevant Shares whether out of profits or capital and whether the

consideration for such repurchase is cash, securities or otherwise; or (F) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(b) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below.

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the

Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Determination Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

III CONDITIONS: 4. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO SINGLE STOCK EQUITY LINKED BOND STYLE CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

$$[\text{Nominal Amount}] \times \left(\frac{\text{Final Reference Price}}{\text{Initial Reference Price}} \right)$$

[,provided that the Cash Amount shall not be less than [the Nominal Amount/zero]] [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Exchange**" means the exchange or quotation system where the Shares have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount equal to the price of a Share quoted on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Form**" means [Definitive / Global];

"**Initial Reference Price**" means [·], subject to adjustment in accordance with Product Condition 4;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Nominal Amount**" means [*ccy*] [*amount*];

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Redemption Period**" means any Business Day from (and including) [·] to (and including) [·];

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

"**Securities**" means [*the / up to*] [*quantity*] cash settled certificates relating to the Shares and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Share**" means [·] (CUSIP / ISIN [·]), subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Company**" means [·];

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date** " means in respect of any redemption at the option of the Holder pursuant to Product Condition 3(b), the proposed date for redemption specified in the redemption notice referred to in Product Condition 3(b); and otherwise, [·]. If any such date is not a Trading Day, Valuation Date shall be the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/the official close of trading on the relevant Exchange in relation to a Share] or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the "**Holder**") of a Security shall be recognised by the Issuer and each Agent as the person entitled in all

respects thereto. If the Form is expressed to be Global then, the Securities will be represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Final Redemption. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed, on the Settlement Date by the Issuer, in respect of each Nominal Amount, at the Cash Amount.

(b) Redemption at the Option of the Holder. Each Security may be redeemed at the election of its Holder on any day falling in the Redemption Period, in respect of each Nominal Amount, at the Cash Amount. To exercise such option the Holder must deposit the Security with any Agent together with a duly completed redemption

notice in the form obtainable from any of the Agents, not more than 60 nor less than 30 days prior to such date and specifying the proposed date for redemption. No Security so deposited may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(c) Interest. The Securities bear no interest and no payment shall be made on account thereof.

(d) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee, or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed in Global form, payments will be made via the Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(e) Presentation and Surrender. Payment of the Cash Amount will be made against surrender of the Security by or on behalf of the Holder at the specified office of the relevant Agent. The Issuer shall record all payments made to the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made. The bearer of a Security shall be the only person entitled to receive payments of the Cash Amount and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. [The bearer of a Security or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Security.]

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount.

(h) Expenses. In respect of each Security, all Expenses in respect thereof shall be for the account of the relevant Holder and no payment of the Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(i) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean:

(1) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange

may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a call by the Issuer in respect of relevant Shares that are not fully paid; (E) a repurchase by the Issuer of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (F) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below.

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if

such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

III CONDITIONS: 5. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO EQUITY INDEX LINKED BOND STYLE CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

$$[\text{Nominal Amount}] \times \left(\frac{\text{Final Reference Price}}{\text{Initial Reference Price}} \right)$$

[,provided that the Cash Amount shall not be less than [zero/the Nominal Amount]]. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Exchange**" means the exchange or quotation system where the shares that comprise the Index have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, the level of the Index (expressed in the relevant currency) at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Form**" means [Definitive / Global];

"**Index**" means [·], subject to Product Condition 4;

"**Index Sponsor**" means [·]and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Initial Reference Price**" means [·], subject to adjustment in accordance with Product Condition 4;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Nominal Amount**" means [*ccy*] [*amount*];

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Redemption Period**" means [·];

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Securities**" means [*the / up to*] [*quantity*] cash settled certificates relating to the Index and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other

than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date** " means [·] or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of each security included in the Index and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/the time with reference to which the Index Sponsor calculates the closing level of the Index] or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the "**Holder**") of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global then, the Securities will be represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the

Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Final Redemption. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed, on the Settlement Date by the Issuer, in respect of each Nominal Amount, at the Cash Amount.

(b) Redemption at the Option of the Holder. Each Security may be redeemed at the election of its Holder on any day falling in the Redemption Period by the Issuer, in respect of each Nominal Amount, at the Cash Amount. To exercise such option the Holder must deposit the Security with any Agent together with a duly completed redemption notice in the form obtainable from any of the Agents, not more than 60 nor less than 30 days prior to such date. No Security so deposited may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(c) Interest. The Securities bear no interest and no payment shall be made on account thereof.

(d) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of

payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(e) Presentation and Surrender. Payment of the Cash Amount will be made against surrender of the Security by or on behalf of the Holder at the specified office of the relevant Agent. The Issuer shall record all payments made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The bearer of a Security shall be the only person entitled to receive payments of the Cash Amount and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Security or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Security.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount.

(h) Expenses. In respect of each Security, all Expenses in respect thereof shall be for the account of the relevant Holder and no payment of the Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(i) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer

nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean: the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise), (A) on an Exchange in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1) or (2) below.

(1) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(2) If: (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and publish the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

(3) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

III CONDITIONS: 6. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO SINGLE STOCK EQUITY LINKED CASH SETTLED CALL WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(Final Reference Price – Exercise Price) x Entitlement

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Entitlement**" means [·], subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the Shares have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as

determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means [·] or, if such day is not a Business Day, the next following Business Day;

"**Exercise Price**" means [·], subject to any adjustment in accordance with Product Condition 4;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount equal to the price of a Share quoted on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Notice**" means the notice described in Product Condition 3(d);

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

"**Securities**" means [*the / up to*] [*quantity*] cash settled warrants relating to the Shares and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Share**" means [·] ([·]), subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Company**" means [·];

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means [·] or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/close of trading on the relevant Exchange in relation to a Share] or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3(d) at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

(b) Cash Settlement. Each Security upon due exercise entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.

(c) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

The purchase of Securities does not confer on any Holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(d) Exercise Notice. Securities may only be exercised by the delivery of a duly completed exercise notice (an "**Exercise Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

(1) specify the number of Securities being exercised;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) include an undertaking to pay all Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Amount due to such Holder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Expenses;

(6) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States;

(7) authorise the production of such notice in any applicable administrative or legal proceedings.

(e) Verification. In respect of each Exercise Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(f) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the Settlement Date.

(g) Determinations. Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(h) Delivery of an Exercise Notice. Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such notice, may not be transferred.

(i) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be

made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(j) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean:

(1) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine

whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a call by the Issuer in respect of relevant Shares that are not fully paid; (E) a repurchase by the Issuer of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (F) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to)

determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4,

stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

III CONDITIONS: 7. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO EQUITY INDEX LINKED CASH SETTLED CALL WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(Final Reference Price - Exercise Price) x Entitlement

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

[**"Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Entitlement**" means [·];

"**Exchange**" means the exchange or quotation system where the shares that comprise the Index have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means [·] or, if such day is not a Business Day, the next following Business Day;

"**Exercise Price**" means [·], subject to any adjustment in accordance with Product Condition 4;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, the level of the Index (expressed in the relevant currency) at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Index**" means [·]subject to Product Condition 4;

"**Index Sponsor**" means [·] and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Notice**" means the notice described in Product Condition 3(d);

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Securities**" means [*the / up to*] [*quantity*] cash settled warrants relating to the Index and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other

than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means [·] or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of each security included in the Index and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/the time with reference to which the Index Sponsor calculates the closing level of the Index] or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3(d) at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

(b) Cash Settlement. Each Security upon due exercise entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.

(c) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(d) Exercise Notice. Securities may only be exercised by the delivery of a duly completed exercise notice (an "**Exercise Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent. An Exercise Notice shall:

(1) specify the number of Securities being exercised;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) include an undertaking to pay all Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Amount due to such Holder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Expenses;

(6) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States;

(7) authorise the production of such notice in any applicable administrative or legal proceedings.

(e) Verification. In respect of each Exercise Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(f) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the Settlement Date.

(g) Determinations. Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(h) Delivery of an Exercise Notice. Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such notice may not be transferred.

(i) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(j) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean: the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise), (A) on an Exchange in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1) or (2) below.

(1) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(2) If: (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and publish the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

(3) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

III CONDITIONS: 8. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO SINGLE STOCK EQUITY LINKED CASH SETTLED PUT WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

$$(\text{Exercise Price} - \text{Final Reference Price}) \times \text{Entitlement}$$

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Entitlement**" means [·] subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the Shares have their primary listing or any successor to such exchange or quotation system;;

["**Exchange Rate**" means the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means [·•]or, if such day is not a Business Day, the next following Business Day;

"**Exercise Price**" means [·•], subject to any adjustment in accordance with Product Condition 4;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount equal to the price of a Share quoted on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Notice**" means the notice described in Product Condition 3(d);

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

"**Securities**" means [*the / up to*] [*quantity*] cash settled warrants relating to the Shares and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Share**" means [·] (CUSIP/ISIN [·]), subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Company**" means [·];

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means [·] or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/close of trading on the relevant Exchange in relation to a Share] or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed

accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3(d) at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

(b) Cash Settlement. Each Security upon due exercise entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.

(c) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

The purchase of Securities does not confer on any Holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(d) Exercise Notice. Securities may only be exercised by the delivery of a duly completed exercise notice (an "**Exercise Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

(1) specify the number of Securities being exercised;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) include an undertaking to pay all Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Amount due to such Holder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Expenses;

(6) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(7) authorise the production of such notice in any applicable administrative or legal proceedings.

(e) Verification. In respect of each Exercise Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(f) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the Settlement Date.

(g) Determinations. Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(h) Delivery of an Exercise Notice. Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such notice, may not be transferred.

(i) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(j) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean:

(1) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a call by the Issuer in respect of relevant Shares that are not fully paid; (E) a repurchase by the Issuer of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (F) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made

by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event,

Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

III CONDITIONS: 9. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO EQUITY INDEX LINKED CASH SETTLED PUT WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means, each of [·] as principal agent (the "Principal Agent") and [·] and [·], each acting through its specified office and together, the "Agents" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(Exercise Price – Final Reference) x Entitlement

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Entitlement**" means [·], subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the shares that comprise the Index have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means [·]or, if such day is not a Business Day, the next following Business Day;

"**Exercise Price**" means [·], subject to any adjustment in accordance with Product Condition 4;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, the level of the Index (expressed in the relevant currency) at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Index**" means [·], subject to Product Condition 4;

"**Index Sponsor**" means [·]and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Notice**" means the notice described in Product Condition 3(d);

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Securities**" means [the / up to] [quantity] cash settled warrants relating to the Index and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other

than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means [·] or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of each security included in the Index and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/the time with reference to which the Index Sponsor calculates the closing level of the Index] or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3(d) at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

(b) Cash Settlement. Each Security upon due exercise entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.

(c) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

The purchase of Securities does not confer on any Holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(d) Exercise Notice. Securities may only be exercised by the delivery of a duly completed exercise notice (an "**Exercise Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

(1) specify the number of Securities being exercised;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) include an undertaking to pay all Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Amount due to such Holder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Expenses;

(6) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(7) authorise the production of such notice in any applicable administrative or legal proceedings.

(e) Verification. In respect of each Exercise Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(f) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the Settlement Date.

(g) Determinations. Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall, be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(h) Delivery of an Exercise Notice. Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such notice may not be transferred.

(i) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(j) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any

such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean: the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise), (A) on an Exchange in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1) or (2) below.

(1) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(2) If: (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and publish the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

(3) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

III CONDITIONS: 10. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO SINGLE STOCK EQUITY LINKED PHYSICALLY SETTLED CALL WARRANTS (WITH CASH SETTLEMENT OPTION)

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means, each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business; and (ii) [physical settlement method];

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(Final Reference Price – Exercise Price) x Entitlement

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Cut-off Date**" means [·];

"**Delivery Details**" means, where applicable, account details and/or name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered;

"**Disruption Cash Settlement Price**" means, in respect of a Security, the fair market value of such Security on such day as shall be selected by the Issuer less the cost to the Issuer of unwinding any related hedging arrangement, all as determined by the Issuer;

"**Entitlement**" means [·], subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the Shares have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means, the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means [·] or, if such day is not a Business Day, the next following Business Day;

"**Exercise Price**" means [·], subject to any adjustment in accordance with Product Condition 4;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount equal to the price of a Share quoted on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Notice**" has the meaning ascribed thereto in Product Condition 3(d);

"**Notice Period**" means [·]Business Days;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security); or (ii) if the

Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;
"**Securities**" means [*the / up to*] [*quantity*] cash settled warrants relating to the Shares and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Settlement Disruption Event**" means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it decides at the relevant time for delivery of the relevant Share Amount;

"**Share**" means [·] (CUSIP / ISIN [·]), subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Amount**" means [·] Shares, subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Holder shall be aggregated for the purpose of determining the Share Amounts in respect of such Securities, provided that the aggregate Share Amounts in respect of the same Holder will be rounded down to the nearest whole share and no cash adjustment will be made in respect of such rounding;

"**Share Company**" means [·];

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means [·] or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day, in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the

Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/close of trading on the relevant Exchange in relation to a Share] or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3(d) at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

(b) Settlement. Each Security upon due exercise entitles its holder to receive from the Issuer, at the sole option of the Issuer, either (i) on the Settlement Date, the Share Amount subject to payment of the Exercise Price and any Expenses on or prior to the Settlement Date ("**Share Settlement**") or (ii) on the Settlement Date, the Cash Amount ("**Cash Settlement**").

In respect of any duly exercised Securities, the Issuer will give notice to the Holders in accordance with General Condition 4 (such notice to be given within not less than the Notice Period) whether such Securities will be settled by Share Settlement or Cash Settlement, provided that if the Issuer fails to give such notice to the relevant Holder it shall be deemed to have elected Share Settlement.

(c) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Share Amount, Cash Amount or Disruption Cash Settlement Price.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(d) Exercise Notice. Securities may only be exercised by the delivery of a duly completed exercise notice (an "**Exercise Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

(1) specify the number of Securities being exercised;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) in the case of Share Settlement, irrevocably instruct the Clearing Agent to debit on the Exercise Date a specified account with the Clearing Agent with

the aggregate amount of the Exercise Prices in respect of such Securities (together with any other amounts payable);

(5) specify the number of the account with the Clearing Agent to be credited with any Cash Amount and any Disruption Cash Settlement Price and any dividends payable pursuant to Product Condition 3(l);

(6) include an undertaking to pay all Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Amount due to such Holder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Expenses;

(7) include the Delivery Details;

(8) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(9) authorise the production of such notice in any applicable administrative or legal proceedings.

(e) Verification. In respect of each Exercise Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(f) Settlement.

(1) Where the Issuer has elected to effect Cash Settlement, the Issuer shall pay or cause to be paid the Cash Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the Settlement Date.

(2) Where the Issuer has elected to effect Share Settlement, subject as provided in the Conditions and to payment to it of the Exercise Price and any applicable Expenses, the Issuer shall deliver or cause delivery of the Share Amount for such duly exercised Security on the Settlement Date, such delivery to be made at the risk of the relevant Holder. The Share Amount shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Shares or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of any Holder or any other person as the registered shareholder in respect of the Shares comprised in any Share Amount in the register of members of the Share Company.

(g) Determinations. Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void. If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(h) Delivery of an Exercise Notice. Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice the Securities which are the subject of such notice may not be transferred.

(i) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and (1) where any Cash Amount in respect of a Security is payable no payment shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer or (2) where any delivery and/or transfer of any Share Amount in respect of a Security is to be made it shall not be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(j) Settlement Disruption. If the Issuer has elected Share Settlement in respect of a Security and prior to delivery of the Share Amount in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Settlement Date for such Security shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of any Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of Share Settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment of the Disruption Cash Settlement Price not later than on the third Business Day following the date that notice of such election is given to the Holders in accordance with General Condition 4. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Holders in accordance with General Condition 4. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 that a Settlement Disruption Event has occurred.

No Holder or any other person shall be entitled to any payment in respect of a Security in the event of any delay in the delivery of any Share Amount relating

thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

(k) Intervening Period. With respect to Share Settlement, for such period of time after the Exercise Date as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Shares or any other person any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the relevant Holder or any subsequent beneficial owner of such Shares or any other person in respect of any loss or damage which the relevant Holder or subsequent beneficial owner or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.

(l) Dividends. Any dividend in respect of any Share Amount to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Exercise Date and to be delivered in the same manner as such Share Amount. Any such dividend to be paid to a Holder shall be paid to the account specified in the relevant Exercise Notice.

(m) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean:

(1) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange , if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus,

capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a call by the Issuer in respect of relevant Shares that are not fully paid; (E) a repurchase by the Issuer of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (F) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below.

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined

by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such classification or change to all the outstanding

Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

III CONDITIONS: 11. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO SHARE BASKET EQUITY LINKED CASH SETTLED CALL WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Basket**" means a basket of Constituents initially comprised as set out below.

Constituent	Share	Weight (as of the date of issue of the Securities)
[·] (a "**Share Company**")	[·] (CUSIP / ISIN [·]) (a "**Share**")	[·]
[·] (a "**Share Company**")	[·] (CUSIP / ISIN [·]) (a "**Share**")	[·]

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(Final Reference Price – Exercise Price) x Entitlement

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in

accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Constituent**" means each of the constituents of the Basket as set out under the heading "Constituent" in the definition of "**Basket**", subject to adjustment in accordance with Product Condition 4;

"**Entitlement**" means [·], subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means, with respect to each Basket Constituent, the exchange or quotation system where such Basket Constituent has its primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means, the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means the first Business Day within the Exercise Period upon which Exercise Notice is, or, as the case may be, is deemed to have been delivered (which ever is the later) to the Principal Agent;

"**Exercise Period**" means any Business Day from (and including) [·] to (and including) [·];

"**Exercise Price**" means [·], subject to any adjustment in accordance with Product Condition 4;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount equal to the sum of the values of each Constituent of its price quoted on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant multiplied by its Weight;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Notice**" means the notice described in Product Condition 3(d);

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

"**Securities**" means [*the / up to*] [*quantity*] cash settled warrants relating to the Shares and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Share**" means, each of the Shares specified as such in the definition of Basket, subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Company**" means each Constituent specified as such in the definition of Basket;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the relevant Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the [second] Business Day after the day on which the Security is validly exercised in accordance with Product Condition 3, or, if in relation to any Constituent such date is not a Trading Day, the first Trading Day for such Constituent thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date for each Constituent not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Constituent affected (each an "**Affected Constituent**") by a Market Disruption Event shall be first succeeding Trading Day for such Constituent on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day for such Constituent shall be deemed to be the Valuation Date in relation to such Affected Constituent (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the price of the

Share having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant;

"**Valuation Time**" means [[·]/close of trading on the relevant Exchange in relation to a Share] or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and

"**Weight**" means, subject to adjustment in accordance with Product Condition 4 in relation to each Constituent, the number specified as such in the definition of Basket.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry

settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities are only exercisable on or prior to the last Business Day of the Exercise Period. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3(d) at or prior to 10.00 a.m. Central European Time on the final Business Day of the Exercise Period shall be void. If an Exercise Notice is delivered in the manner set out in Product Condition 3(d) after 10.00 a.m. Central European Time on any Business Day during the Exercise Period it shall be deemed to have been delivered prior to 10.00 a.m. Central European Time on the Business Day following the day actual day of delivery.

(b) Cash Settlement. Each Security upon due exercise entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.

(c) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

The purchase of Securities does not confer on any Holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(d) Exercise Notice. Securities may only be exercised by the delivery of a duly completed exercise notice (an "**Exercise Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

(1) specify the number of Securities being exercised;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) include an undertaking to pay all Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Amount due to such Holder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Expenses;

(6) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States;;

(7) authorise the production of such notice in any applicable administrative or legal proceedings.

(e) Verification. In respect of each Exercise Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(f) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the Settlement Date.

(g) Determinations. Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the

Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(h) Delivery of an Exercise Notice. Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such notice, may not be transferred.

(i) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(j) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

This Product Condition 4 relates to each Constituent and references to "**Share**" shall be construed separately in relation to each Constituent and references to "**Exchange**" and "**Share Company**" shall be construed as references to the relevant Exchange and relevant Share Company as appropriate.

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean:

(1) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a call by the Issuer in respect of relevant Shares that are not fully paid; (E) a repurchase by the Issuer of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (F) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an

amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

III CONDITIONS : 12. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO QUANTO OPEN-ENDED INDEX LINKED CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(Final Reference Price – Exercise Price) x Entitlement

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be expressed in the Settlement Currency and shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the

"**Clearing Agents**");]

"**Entitlement**" means [·], subject to any adjustment in accordance with Product Condition 4;

["**Exchange Rate**" means, with respect to the *[Insert Series Name]*, the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means, unless an Issuer Early Termination has occurred, each third Business Day preceding the last Trading Day of [·]in each year, commencing [·];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, the level of the Index (expressed in the relevant currency) at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Index**" means [·], subject to Product Condition 4;

"**Index Sponsor**" means [·] and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Issue Date**" means [·];

"**Issuer Early Termination**" means the Issuer may terminate the Securities, in whole but not in part, on any Trading Day on or after the Business Day falling three calendar years from the Issue Date, by giving not less than two calendar years' notice and such date shall be deemed to be the Exercise Date. Such notice shall be given in accordance with the provisions of General Condition 4 and shall specify the Issuer Early Termination Date. Each Security will be terminated at the Cash Amount;

"**Issuer Early Termination Date**" mean the date specified as such with respect to the Issuer Early Termination;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Notice**" means the notice described in Product Condition 3(d);

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Securities**" means [*the / up to*] [*quantity*] cash settled warrants relating to the Shares and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date** " means the [second] Business Day after the day on which the Security is validly exercised in accordance with Product Condition 3 or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of each security included in the Index and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/the time with reference to which the Index Sponsor calculates the closing level of the Index] or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or

other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3(d) at or prior to 10.00 a.m. Central European Time on the Issuer Early Termination Date shall be void.

(b) Cash Settlement. Each Security upon due exercise entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.

(c) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(d) Exercise Notice. Securities may only be exercised by the delivery of a duly completed exercise notice (an "**Exercise Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

(1) specify the number of Securities being exercised;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) include an undertaking to pay all Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Amount due to such Holder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Expenses;

(6) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(7) authorise the production of such notice in any applicable administrative or legal proceedings.

(e) Verification. In respect of each Exercise Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(f) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the Settlement Date.

(g) Determinations. Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(h) Delivery of an Exercise Notice. Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such notice may not be transferred.

(i) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be

made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(j) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean: the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise), (A) on an Exchange in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1) or (2) below.

(1) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(2) If: (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and publish the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

(3) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 13: PRODUCT CONDITIONS RELATING TO COMMODITY OPEN END CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] [ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London, EC2M 4AA, United Kingdom] as principal agent (the "**Principal Agent**") [and [•] [each] acting through its specified office] and [together]the "**Agents**" shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

Final Reference Price x Entitlement

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [•] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Commodity**" means the commodity specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Entitlement**" means the entitlement specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

["**Exchange Rate**" means[, with respect to the [insert description of certificates requiring an exchange rate],] the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

]"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means the [third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3];

"**Exercise Time**" means [•] [Central European Time];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount (which shall be deemed to be a monetary value in the Underlying Currency) equal to the price of the Commodity at the Valuation Time on the Valuation Date or the Issuer Call Date, as the case may be, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Commodity on such date having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines relevant;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Issuer Call**" means termination of the Securities by the Issuer in accordance with Product Condition 3;

"**Issuer Call Commencement Date**" means the first Business Day following the [six month][two year] period from and including the Issue Date;

"**Issuer Call Date**" means the day specified as such in the notice delivered by the Issuer in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market

Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (i) the fifth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent deems relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Commodity are traded;

"**Securities**" means the open end certificates relating to the Commodity and each a "**Security**". References to the term "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of Securities as set out below:

[commodity] open end certificates

Commodity:	[ ];
Entitlement:	[ ];
Exchange:	[ ];
Issue Date:	[ ];
Underlying Currency:	[ ];
Settlement Currency:	[ ];
ISIN:	[ ];
[Valoren]:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the [fifth] Business Day following the relevant Valuation Date or the Issuer Call Date, as the case may be;

"**Trading Day**" means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Underlying Currency**" means the currency specified as such in the definition of the relevant Series;

"**Valuation Date**" means the last Trading Day of [•] in each year, commencing from (and including) [•] 200•], unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the time of the [•] [morning][daily] fixing price for the Commodity, or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent

as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "Rules"). Accordingly, in these Conditions, the term "Holder" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.

(b) Issuer Call. The Issuer may terminate, subject to a valid Exercise, the Securities, in whole but not in part on any Business Day, by giving Holders at least [one][two] calendar years notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

(c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.

(d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(f) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in

the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(g) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(h) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(i) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(k) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A "**Market Disruption Event**" means:

(a) Price Source Disruption. The failure by the Exchange to announce or publish the price for the Commodity (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or

(b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or

(c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Commodity on the Exchange; or

(d) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the price of the Commodity; or

(e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Commodity; or

(f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Commodity is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or, a material reduction in, trading in the Commodity on the Exchange; or

(g) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date and/or on each of

the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or

(h) Trading Limitation. The material limitation imposed on trading in the Commodity with respect to it or any contract with respect thereto on any exchange or principal trading market; or

(i) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 14: PRODUCT CONDITIONS RELATING TO COMMODITY FUTURE OPEN END CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London, EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") and [•] [each] acting through its specified office and together the "**Agents**" shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

[Final Reference Price x Rollover Ratio x Entitlement[1]]

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [•]and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Entitlement**" means the entitlement specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Exchange Rate**" means, the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means the third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

"**Exercise Time**" means [●] [CET];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount (which shall be deemed to be a monetary value in the Underlying Currency) equal to the closing Reference Asset Price at the Valuation Time on the Valuation Date or the Issuer Call Date, as the case may be, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the closing Reference Asset Price on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price and such other factors as the Calculation Agent determines relevant;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Issuer Call**" means termination of the Securities by the Issuer in accordance with Product Condition 3;

"**Issuer Call Commencement Date**" means the first Business Day following the period from and including the Issue Date;

"**Issuer Call Date**" means the day specified as such in the notice delivered by the Issuer in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first

succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (i) the fifth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset and such other factors as the Calculation Agent deems relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Reference Asset**" means the Reference Asset as of the Issue Date specified as such in the definition of the relevant Series, and thereafter the Issuer shall, during Trading Hours on the Rollover Date, effect substitution of a financially equivalent reference asset [with a 3 month or 1 month expiry] (the "**Substitute Asset**") selected by the Issuer. Thereafter the Substitute Asset shall for all purposes be the Reference Asset;

"**Reference Asset Price**" means the current price of the Reference Asset. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided by the applicable contract factor (the value of 1.0 future's point) specified on the applicable Bloomberg page referred to in the definition of the relevant Series, and if no such page reference exists, such other page reference as the Calculation Agent determines;

["**Rollover Date**" means a date, being a Trading Day, as selected by the Issuer prior to the period of ten [Business Days][Trading Days] preceding the first date upon which notice to deliver the Reference Asset may be given in accordance with the relevant Exchange;]

["**Rollover Date**" means the prompt date of the reference asset with an expiry month preceding the current existing Reference Asset;]

"**Rollover Period**" means each period from and including a Rollover Date to but excluding the next following Rollover Date;

["**Rollover Ratio**" means, for each Rollover Period, a ratio as determined by the Calculation Agent in accordance with the following formula:

[(A – B) / (C + D)] x E

where A is: Reference Asset Price;

where B is: Transaction Charge x Reference Asset Price;

where C is: Substitute Asset Price;

where D is: Transaction Charge x Substitute Asset Price;

where E is : The immediately preceding Rollover Ratio;]

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded;

"**Securities**" means the open end certificates relating to the Reference Asset and each a "**Security**". References to the term "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each][the] series of Securities as set out below:

[ ]

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the [fifth] Business Day following the relevant Valuation Date or the Issuer Call Date, as the case may be;

"**Substitute Asset Price**" means the Reference Asset Price of the reference asset future which will be the Substitute Asset at the next following Rollover Date;

"**Trading Day**" means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Transaction Charge**" means a percentage rate as determined by the Calculation Agent. The Calculation Agent may adjust the Transaction Charge on each Rollover Date, but in any event the Transaction Charge will not exceed 0.10%. The Transaction Charge on the Issue Date is 0.05%;

"**Underlying Currency**" means the currency specified as such in the definition of the relevant Series;

"**Valuation Date**" means the last Trading Day of [●] in each year, commencing from (and including) [●] [200●], unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market

Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the closing time of the relevant Exchange, or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**"

means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.

(b) Issuer Call. The Issuer may terminate, subject to a valid Exercise, the Securities, in whole but not in part on any Business Day, by giving Holders at least one calendar years notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

(c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.

(d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(f) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(g) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(h) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(i) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(j) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

(k) Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(l) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(m) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A "**Market Disruption Event**" means:

(a) Price Source Disruption. The failure by the Exchange to announce or publish the price for the Reference Asset (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or

(b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or

(c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Reference Asset on the Exchange; or

(d) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the price of the Reference Asset; or

(e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Reference Asset; or

(f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Reference Asset is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or, a material reduction in, trading in the Reference Asset on the Exchange; or

(g) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Reference Asset on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or

(h) Trading Limitation. The material limitation imposed on trading in the Reference Asset with respect to it or any contract with respect thereto on any exchange or principal trading market; or

(i) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 15: PRODUCT CONDITIONS RELATING TO INDEX OPEN END CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London, EC2M 4AA, United Kingdom as principal agent] as principal agent] (the "**Principal Agent**") and [●] [each] acting through its specified office and together the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

$$/\text{EUR } 100 \times \frac{\text{Final Reference Price}}{\text{Initial Reference Price}} \times \frac{\text{Initial Exchange Rate}}{\text{Final Exchange Rate}}/$$

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [●] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

["**Exchange Rate**" means, the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means the third Trading Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

"**Exercise Time**" means [12.00 p.m. C.E.T.];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

["**Final Exchange Rate**" means the rate of exchange between the Underlying Currency and the Settlement Currency at the Valuation Time on the Valuation Date (in the case of an Exercise) or the Issuer Call Date (in the case of an Issuer Call), as determined by or on behalf of the Calculation Agent expressed as the number of Underlying Currency per 1 unit of the Settlement Currency;]

"**Final Reference Price**" means an amount (which shall be deemed to be a monetary value in the Underlying Currency) equal to the level of the Index at the Valuation Time on the Valuation Date (in the case of an Exercise) or the Issuer Call Date (in the case of an Issuer Call), as determined by or on behalf of the Calculation Agent as adjusted by such Calculation Agent taking into consideration factors such as volume size and liquidity and without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions and such other factors as the Calculation Agent determines relevant which amount could be zero;

"**Index**" means the index specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Index Sponsor**" means a corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index at a specified time as determined by the Index Sponsor and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

["**Initial Exchange Rat**e" means [the rate specified as such in the definition of the relevant Series][the rate of exchange between the Underlying Currency and the Settlement Currency at the Valuation Time on the Issue Date, as determined by or on behalf of the Calculation Agent expressed as the number of Underlying Currency per 1 unit of the Settlement Currency];]

"**Initial Reference Price**" means the level as specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Issuer Call**" means termination of the Securities by the Issuer in accordance with Product Condition 3;

"**Issuer Call Date**" means the relevant first Trading Day of each month, as specified in the notice delivered by the Issuer in accordance with Product Condition 3, unless in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the one hundred and eighty Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (i) the one hundred and eightieth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions and such other factors as the Calculation Agent deems relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Securities**" means the open end certificates relating to the Index and each a "**Security**". References to the term "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of [Security/ies] as set out below:

[Currency abbreviation]-Total Return Money Market Index Open End Certificates

Index:	[Currency Abbreviation] Total Return Money Market Instrument, Bloomberg Code [Insert] ;
Initial Exchange Rate:	[ ];
Initial Reference Price:	[Currency Abbreviation and amount];
Issue Date:	[date];
Underlying Currency:	[ ], the lawful currency of [Country];

Settlement Currency: [Insert];

ISIN: [ ];

Valoren: [ ];

Symbol: [ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the fifth Trading Day following the relevant Valuation Date or the Issuer Call Date, as the case may be;

"**Trading Day**" means any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

"**Underlying Currency**" means the currency specified as such in the definition of the relevant Series;

"**Valuation Date**" means the last Trading Day of [month] in each year, commencing from (and including) [month, year], unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the one hundred and eighty Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the one hundred and eightieth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the time with reference to which the Index Sponsor calculates the closing level of the Index, or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than

another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "Rules"). Accordingly, in these Conditions, the term "Holder" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.

(b) Issuer Call. The Issuer may terminate, subject to a valid Exercise, the Securities, in whole but not in part on any Issuer Call Date, by giving Holders at least two Trading Days notice of its intention to terminate the Securities. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

(c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.

(d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(f) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the

beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(g) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(h) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(i) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(j) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

(k) Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(n) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn

after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(o) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A "**Market Disruption Event**" means:

(i) Price Source Disruption. If it becomes impossible to obtain the rate of exchange between the Underlying Currency and the Settlement Currency in the inter-bank market; or

(ii) Governmental Default. If with respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

(iii) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert either the Underlying Currency or the Settlement Currency through customary legal channels for conducting such conversion or (B) generally makes it impossible to deliver the Underlying Currency or the Settlement Currency from accounts in the country of the principal financial centre of such currencies to accounts outside such

jurisdiction or between accounts in such jurisdiction or to a party that a non-resident of such jurisdiction; or

(iv) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives this Issuer (or any of its Affiliates), of all or substantially all of its assets in the country of the principal financial centre of the Settlement Currency; or

(v) Illiquidity. Any impossibility in obtaining a firm quote for the rate of exchange between the Underlying Currency and the Settlement Currency for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or

(vi) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

For this purpose a "**Governmental Authority**" is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the Settlement Currency or Underlying Currency.

The Calculation Agent may make such adjustments to the Conditions in order to account for any such event if it consider it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below.

(i) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(ii) If: (A) on or prior to a Valuation Date or the Issuer Call Date as the case may be, the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the

Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on a Valuation Date or Issuer Call Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and/or publish the Index; then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on a Valuation Date or Issuer Call Date as the case may be, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those instruments that comprised the Index immediately prior to the change or failure or in the case of a material modification of the Index only, the Calculation Agent shall deem such modified Index to be the Index so calculated and announced or to terminate the Securities by giving notice in accordance with General Condition 4.

(iii) If, at any time, any event occurs which has a dilutive or concentrative effect on the Index and the Index Sponsor or, if applicable, the Successor Sponsor, has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor, pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account.

(iv) The Issuer reserves the right to make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction.

III CONDITIONS: 16. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO INDEX "MINI-BULL" TURBO CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(a) If, following a Stop-Loss Event, the Securities are terminated the aggregate of:

(1) (Stop-Loss Termination Reference Price – Strike Price) x Entitlement; and

(2) the Funding Cost; and otherwise,

(b) (Final Reference Price – Strike Price) x Entitlement

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be expressed in the Settlement Currency and shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Dividend Amount**" means for each Security and for the period from and including the Stop-Loss Termination Date to (but excluding) the Exercise Date an amount equal to the total net cash dividends and/or other net cash distributions expected in respect of each share comprising the Index where the record date for such expected cash dividends and/or other cash distributions falls in such period net of any taxes or costs, weighted to reflect the relative weighting of each share comprising the Index[, converted into the Settlement Currency using the prevailing Exchange Rate, if so specified] and multiplied by the Entitlement, all as determined by the Calculation Agent;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the shares that comprise the Index have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means, with respect to the *[Insert Series Name]*, the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means the date specified as such in the definition of the relevant Series or, if any such day is not a Business Day, the next following Business Day;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, the level of the Index (expressed in the relevant currency) at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or, (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) a level determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions, the last reported closing level of the Index on the Exchange and such other factors as the Calculation Agent determines to be relevant;

"**Funding Cost**" means for each Security and subject to adjustment in accordance with Product Condition 4, an amount as determined by the Calculation Agent equal to the sum of

the Strike Price less the Strike Price discounted from the Exercise Date to (but excluding) the Stop-Loss Termination Date at the then Prevailing Rate plus the Spread, and less an amount equivalent to the discounted value of the Dividend Amount [all converted into the Settlement Currency using the prevailing Exchange Rate, if so specified] and multiplied by the Entitlement;

"**Index**" means the index specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Index Sponsor**" means the index sponsor specified as such in the definition of the relevant Series and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Issue Date**" means [·];

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Observation Period**" means the period from and including the [Issue Date], to and including the Valuation Date;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Prevailing Rate**" means the continuous compound zero rate, as determined by the Calculation Agent;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Securities**" means [*these / up to*] [*quantity*] cash settled "Mini-Bull" Turbo Certificates relating to the Index and each a "**Security**". References to the terms "Securities" and "Security" shall be construed severally with respect to each Series;

"**Series**" means each series of Securities as set out below:

[[the / up to] [quantity][Insert Series Name]] "Mini-Bull" Turbo Certificates

Entitlement: [·];

Exercise Date: [·];

Index: [·];

Index Sponsor: [·];

Stop-Loss Level: [·];

Strike Price: [·];

[[the / up to] [quantity][Insert Series Name]] "Mini-Bull" Turbo Certificates

Entitlement: [·];

Exercise Date: [·];

Index: [·];

Index Sponsor: [·];

Stop-Loss Level: [·];

Strike Price: [·];

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date or the Stop-Loss Termination Date, as the case may be;

"Spread" means a percentage rate as determined by the Calculation Agent having regard to the currency of the principal financial centre of the relevant Exchange, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant in determining the margin over the applicable interest rate***;***

"**Stop-Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the level of the Index is at any time on a Trading Day during the Observation Period other than a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, less than or equal to the Stop-Loss Level;

"**Stop-Loss Level**" means the level of the Index specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Stop-Loss Termination Date**" means the first date during the Observation Period on which the Stop-Loss Event occurs;

"**Stop-Loss Termination Reference Price**" means, subject to any adjustment in accordance with Product Condition 4, the level of the Index (expressed in the relevant currency), as determined by the Calculation Agent in its sole and absolute discretion, being the fair value level of the Index on the Stop-Loss Termination Date, based on the levels of the Index during the Stop-Loss Termination Valuation Period;

"**Stop-Loss Termination Valuation Period**" means a reasonable period immediately following the Stop-Loss Event, as determined by the Calculation Agent in its sole and

absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop-Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange (excluding for this purpose any period during which a Market Disruption Event is continuing), such period shall continue to such number of sequential next following Trading Days (up to the Valuation Time on the Valuation Date) as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Strike Price**" means the level of the Index (expressed in the relevant currency) specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of each security included in the Index and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/the time with reference to which the Index Sponsor calculates the closing level of the Index] or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with

the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. Provided no Stop-Loss Event has occurred, the Securities will be deemed to be automatically exercised on the Exercise Date.

(b) Stop-Loss Event. Following a Stop-Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4.

(c) Cash Settlement. Each Security entitles its Holder to receive the Cash Amount from the Issuer on the Settlement Date.

(d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(e) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of

payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed to be in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(h) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean: the occurrence or existence (for the purposes of determining a Valuation Date) on any Trading Day during the one-half hour period that ends at the official close of trading on an Exchange or any Related Exchange or (for the purposes of determining whether a Stop-Loss Event has occurred) at any time on any Trading Day of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise), (A) on an Exchange in securities that comprise 20

per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1), (2) or (3) below.

(1) If the Index is: (A) not calculated and announced by the Index sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(2) If: (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and publish the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index

last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

(3) If, at any time during the Observation Period, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor, has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the Index in order to fully account for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor, pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account. (A) a distribution or dividend to existing holders of the shares comprising the Index (the "**Shares**") of: (i) Shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (H) any other similar event having dilutive or concentrative effect on the theoretical value of the Shares.

(4) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such

request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

III CONDITIONS: 17. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO INDEX "MINI-BEAR" SHORT CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(a) If, following a Stop-Loss Event, the Securities are terminated:

(Strike Price – Stop-Loss Termination Reference Price) x Entitlement; and otherwise,

(b) (Strike Price – Final Reference Price) x Entitlement

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be expressed in the Settlement Currency and shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [*Insert Name*] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the shares that comprise the Index have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means, with respect to the [·], the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means the date specified as such in the definition of the relevant Series or, if any such day is not a Business Day, the next following Business Day;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, the level of the Index (expressed in the relevant currency) at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or, (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) a level determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions, the last reported closing level of the Index on the Exchange and such other factors as the Calculation Agent determines to be relevant;

"**Index**" means the index specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Index Sponsor**" means the index sponsor specified as such in the definition of the relevant Series and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Issue Date**" means [·];

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Observation Period**" means the period from and including the [Issue Date], to and including the Valuation Date;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the

Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Securities**" means the cash settled "Mini-Bear" Short Certificates relating to the Index and each a "**Security**". References to the terms "Securities" and "Security" shall be construed severally with respect to each Series;

"**Series**" means each series of Securities as set out below:

[[the / up to] [quantity][Insert Series Name]] "Mini-Bear" Short Certificates

Entitlement: [·];

Exercise Date: [·];

Index: [·];

Index Sponsor: [·];

Stop-Loss Level: [·];

Strike Price: [·];

[[the / up to] [quantity][Insert Series Name]] "Mini-Bear" Short Certificates

Entitlement: [·];

Exercise Date: [·];

Index: [·];

Index Sponsor: [·];

Stop-Loss Level: [·];

Strike Price: [·];

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date or the Stop-Loss Termination Date, as the case may be;

"**Stop-Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the level of the Index is at any time on a Trading Day during the Observation Period other than a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, greater than or equal to the Stop-Loss Level;

"**Stop-Loss Level**" means the level of the Index specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Stop-Loss Termination Date**" means the first date during the Observation Period on which the Stop-Loss Event occurs;

"**Stop-Loss Termination Reference Price**" means, subject to any adjustment in accordance with Product Condition 4, the level of the Index (expressed in the relevant currency), as determined by the Calculation Agent in its sole and absolute discretion, being the fair value level of the Index on the Stop-Loss Termination Date, based on the levels of the Index during the Stop-Loss Termination Valuation Period;

"**Stop-Loss Termination Valuation Period**" means a reasonable period immediately following the Stop-Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop-Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange, such period shall continue to such number of sequential next following Trading Days (up to the Valuation Time on the Valuation Date) as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Strike Price**" means the level of the Index (expressed in the relevant currency) specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of each security included in the Index and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/the time with reference to which the Index Sponsor calculates the closing level of the Index] or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. Provided no Stop-Loss Event has occurred, the Securities will be deemed to be automatically exercised on the Exercise Date.

(b) Stop-Loss Event. Following a Stop-Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4.

(c) Cash Settlement. Each Security entitles its Holder to receive the Cash Amount from the Issuer on the Settlement Date.

(d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(e) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed to be in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(h) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect

the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean: the occurrence or existence (for the purposes of determining a Valuation Date) on any Trading Day during the one-half hour period that ends at the official close of trading on an Exchange or any Related Exchange or (for the purposes of determining whether a Stop-Loss Event has occurred) at any time on any Trading Day of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise), (A) on an Exchange in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1), (2) or (3) below.

(1) If the Index is: (A) not calculated and announced by the Index sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or (B) replaced by a

successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(2) If: (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and publish the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

(3) If, at any time during the Observation Period, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor, has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the Index in order to fully account for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor, pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account. (A) a distribution or dividend to existing holders of the shares comprising the Index (the "**Shares**") of: (i) Shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends

on such Shares for the prior four quarterly periods; (E) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (H) any other similar event having dilutive or concentrative effect on the theoretical value of the Shares.

(4) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

III CONDITIONS: 18. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO SINGLE STOCK "MINI-BULL" TURBO CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(a) If, following a Stop-Loss Event, the Securities are terminated the aggregate of:

(1) (Stop-Loss Termination Reference Price – Strike Price) x Entitlement; and

(2) the Funding Cost; and otherwise,

(b) (Final Reference Price – Strike Price) x Entitlement

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be expressed in the Settlement Currency and shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the Shares have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means, with respect to the *[Insert Series Name]*, the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means the date specified as such in the definition of the relevant Series or, if any such day is not a Business Day, the next following Business Day;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount equal to the price of a Share quoted on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Funding Cost**" means for each Security and subject to adjustment in accordance with Product Condition 4, an amount as determined by the Calculation Agent equal to the sum of the Strike Price less the Strike Price discounted from the Exercise Date to (but excluding) the Stop-Loss Termination Date at the then Prevailing Rate plus the Spread, [all converted into the Settlement Currency using the prevailing Exchange Rate, if so specified] and multiplied by the Entitlement;

"**Issue Date**" means [·];

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Observation Period**" means the period from and including the [Issue Date], to and including the Valuation Date;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Prevailing Rate**" means the continuous compound zero rate, as determined by the Calculation Agent;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Share are traded;

"**Securities**" means the cash settled "Mini-Bull" Turbo Certificates relating to the Share and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means each series of Securities as set out below:

[[the / up to] [quantity][Insert Series Name]] "Mini-Bull" Turbo Certificates

Entitlement: [·];

Exercise Date: [·];

Share: [·] (CUSIP / ISIN [·]);

Share Company: [·];

Stop-Loss Price: [·];

Strike Price: [·];

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date or the Stop-Loss Termination Date, as the case may be;

"**Share**" means the share specified as such in the definition of the relevant Series, subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"Share Company" means the share company specified as such in the definition of the relevant Series;

"Spread" means a percentage rate as determined by the Calculation Agent having regard to the currency of the principal financial centre of the relevant Exchange, prevailing market

conditions and such other factors as the Calculation Agent determines to be relevant in determining the margin over the applicable interest rate**;**

"**Stop-Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the price of the Share on the Exchange is at any time on a Trading Day during the Observation Period other than a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, less than or equal to the Stop-Loss Price;

"**Stop-Loss Price**" means the price of the Share specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Stop-Loss Termination Date**" means the first date during the Observation Period on which the Stop-Loss Event occurs;

"**Stop-Loss Termination Reference Price**" means, subject to any adjustment in accordance with Product Condition 4, the price, as determined by the Calculation Agent in its sole and absolute discretion being the fair value price, of the Share on the Stop-Loss Termination Date, based on the prices of the Share on the Exchange during the Stop-Loss Termination Valuation Period;

"**Stop-Loss Termination Valuation Period**" means a reasonable period immediately following the Stop-Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop-Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange, such period shall continue to such number of sequential next following Trading Days (up to the Valuation Time on the Valuation Date) as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Strike Price**" means the price of the Share specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption

Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/close of trading on the relevant Exchange in relation to a Share] or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. Provided no Stop-Loss Event has occurred, the Securities will be deemed to be automatically exercised on the Exercise Date.

(b) Stop-Loss Event. Following a Stop-Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4.

(c) Cash Settlement. Each Security entitles its Holder to receive the Cash Amount from the Issuer on the Settlement Date.

(d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(e) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed to be in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(h) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect

the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean:

(1) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a call by the Issuer in respect of relevant Shares that are not fully paid; (E) a repurchase by the Issuer of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (F) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below.

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an

amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

III CONDITIONS: 19. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO SINGLE STOCK "MINI-BEAR" SHORT CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(a) If, following a Stop-Loss Event, the Securities are terminated the aggregate of:

(Strike Price – Stop-Loss Termination Reference Price) x Entitlement; and otherwise,

(b) (Strike Price – Final Reference Price) x Entitlement

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be expressed in the Settlement Currency and shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the Shares have their primary listing or any successor to such exchange or quotation system;

["**Exchange Rate**" means, with respect to the *[Insert Series Name]*, the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means the date specified as such in the definition of the relevant Series or, if any such day is not a Business Day, the next following Business Day;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount equal to the price of a Share quoted on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Issue Date**" means [·];

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Observation Period**" means the period from and including the [Issue Date], to and including the Valuation Date;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Share are traded;

"**Securities**" means the cash settled "Mini-Bear" Short Certificates relating to the Share and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means each series of Securities as set out below:

[[the / up to] [quantity][Insert Series Name]] "Mini-Bear" Short Certificates

Entitlement: [·];

Exercise Date: [·];

Share: [·] (CUSIP / ISIN [·]);

Share Company: [·];

Strike Price: [·];

Stop-Loss Price: [·];

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date or the Stop-Loss Termination Date, as the case may be;

"**Share**" means the share specified as such in the definition of the relevant Series, subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"Share Company" means the share company specified as such in the definition of the relevant Series;

"**Stop-Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the price of the Share on the Exchange is at any time on a Trading Day during the Observation Period other than a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, greater than or equal to the Stop-Loss Price;

"**Stop-Loss Price**" means the price of the Share specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Stop-Loss Termination Date**" means the first date during the Observation Period on which the Stop-Loss Event occurs;

"**Stop-Loss Termination Reference Price**" means, subject to any adjustment in accordance with Product Condition 4, the price, as determined by the Calculation Agent in its sole and absolute discretion being the fair value price, of the Share on the Stop-Loss Termination Date, based on the prices of the Share on the Exchange during the Stop-Loss Termination Valuation Period;

"**Stop-Loss Termination Valuation Period**" means a reasonable period immediately following the Stop-Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop-Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange, such period shall continue to such number of sequential next following Trading Days (up to the Valuation Time on the Valuation Date) as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Strike Price**" means the price of the Share specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**ValuationTime**" means [[·]/close of trading on the relevant Exchange in relation to a Share] or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be

deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. Provided no Stop-Loss Event has occurred, the Securities will be deemed to be automatically exercised on the Exercise Date.

(b) Stop-Loss Event. Following a Stop-Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4.

(c) Cash Settlement. Each Security entitles its Holder to receive the Cash Amount from the Issuer on the Settlement Date.

(d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(e) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on

behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed to be in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(h) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean:

(1) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or

otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of

such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a call by the Issuer in respect of relevant Shares that are not fully paid; (E) a repurchase by the Issuer of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (F) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below.

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the

Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

III CONDITIONS: 20. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO INDEX DOUBLE-UP CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(a) If the Final Reference Price is less than the Lower Reference Price, then:

Final Reference Price x Entitlement;

(b) If the Final Reference Price is greater than or equal to the Lower Reference Price but less than the Upper Reference Price, then:

[Final Reference Price + (Final Reference Price – Lower Reference Price)] x Entitlement;

(c) If the Final Reference Price is greater than or equal to the Upper Reference Price, then:

[Upper Reference Price + (Upper Reference Price – Lower Reference Price)] x Entitlement.

[The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be expressed in the Settlement Currency and shall be rounded to the nearest two [decimal places/whole unit] in the Settlement Currency, [0.005/half a unit] being rounded downwards;

"**Clearing Agent**" means [·],[·], and [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the

Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the shares comprised in the Index have their primary listing or any successor to such exchange or quotation system;

"**Exercise Date**" means the date specified as such in the definition of the relevant Series or, if any such day is not a Business Day, the next following Business Day;

["**Exchange Rate**" means, with respect to the *[Insert Series Name]*, the rate of exchange [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, the level of the Index (expressed in the relevant currency) at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or, (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) a level determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions, the last reported closing level of the Index on the Exchange and such other factors as the Calculation Agent determines to be relevant;

"**Index**" means the index specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Index Sponsor**" means the index sponsor specified as such in the definition of the relevant Series, and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Lower Reference Price**" means the level of the index (expressed in the relevant currency) specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Minimum Exercise Amount**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Securities**" means the cash settled Double-Up Certificates relating to the Index and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means each series of Securities as set out below:

[[the / up to] [quantity][Insert Series Name]] Double-Up Certificates

Entitlement:	[·];
Exercise Date:	[·];
Index:	[·];
Index Sponsor:	[·];
Lower Reference Price:	[·];
Upper Reference Price:	[·];
Minimum Exercise Amount:	[·];

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Upper Reference Price**" means the level of the index (expressed in the relevant currency) specified as such in the relevant definition of the Series, subject to any adjustment in accordance with Product Condition 4;

"**Valuation Date**" means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of each security included in the Index and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the time with reference to which the Index Sponsor calculates the closing level of the Index or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "Global Security") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "Holder" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities will be deemed to be automatically exercised on the Exercise Date. The Securities may only be exercised in integral multiples of the Minimum Exercise Amount.

(b) Cash Settlement. Each Security entitles its Holder to receive the Cash Amount from the Issuer on the Settlement Date.

(c) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(d) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed to be in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(f) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(g) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean: the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise), (A) on an Exchange in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1) or (2) below.

(1) If the Index is: (A) not calculated and announced by the Index sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(2) If: (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and publish the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

(3) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS: 21. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO SINGLE STOCK DOUBLE-UP CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(a) If the Final Reference Price is greater than or equal to the Lower Reference Price but less than the Upper Reference Price, then:

[Final Reference Price + (Final Reference Price – Lower Reference Price)] x Entitlement;

(b) If the Final Reference Price is greater than or equal to the Upper Reference Price, then:

[Upper Reference Price + (Upper Reference Price – Lower Reference Price)] x Entitlement.

[The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be expressed in the Settlement Currency and shall be rounded to the nearest [two decimal places/whole unit] in the Settlement Currency, [0.005/half a unit] being rounded downwards;

"**Clearing Agent**" means [·];[·]; and [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the Shares have their primary listing, or any successor to such exchange or quotation system;

"**Exercise Date**" means the date specified as such in the definition of the relevant Series or, if any such day is not a Business Day, the next following Business Day;

["**Exchange Rate**" means the rate of exchange [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount equal to the price of a Share quoted on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Lower Reference Price**" means the price of the Share specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Minimum Exercise Amount**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

"**Securities**" means [*the/up to*] [*quantity*] Double-Up certificates relating to the Shares, and each a "**Security**". References to the terms "Securities" and "Security" shall be construed accordingly;

"**Settlement Currency**" means [·];

"**Settlement Date**" means the third Business Day following the Valuation Date;

"**Settlement Disruption Event**" means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it decides at the relevant time for delivery of the relevant Share Amount;

"**Share**" means the share specified as such in the definition of the relevant Series, subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Amount**" means [one] Share, subject to any adjustment in accordance with Product Condition 4. Securities belonging to the same Holder shall be aggregated for the purpose of determining the Share Amounts in respect of such Securities, provided that the aggregate Share Amounts in respect of the same Holder will be rounded down to the nearest whole share and no cash adjustment will be made in respect of such rounding;

"**Share Company**" means the share company specified as such in the definition of the relevant Series;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"Upper Reference Price" means the price of the Share specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Valuation Date**" means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market

Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means [[·]/close of trading on the relevant Exchange in relation to a Share or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities will be deemed to be automatically exercised on the Exercise Date. The Securities may only be exercised in integral multiples of the Minimum Exercise Amount.

(b) Settlement. Each Security entitles its holder to receive from the Issuer, either:

(1) the Share Amount on or prior to the Settlement Date ("**Share Settlement**");or

(2) the Cash Amount on or prior to the Settlement Date ("**Cash Settlement**").

(c) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Share Amount, Cash Amount or Disruption Cash Settlement Price.

The purchase of Securities does not confer on any Holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(d) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and (1) where any Cash Amount in respect of a Security is payable no payment shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer or (2) where any delivery and/or transfer of any Share Amount in respect of a Security is to be made it shall not be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(e) Settlement Disruption. If Share Settlement applies in respect of a Security and prior to delivery of the Share Amount in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Settlement Date for such Security shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of any Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of Share Settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment of the Disruption Cash Settlement Price not later than on the third Business Day following the date that notice of such election is given to the Holders in accordance with General Condition 4. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Holders in accordance with General Condition 4. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 that a Settlement Disruption Event has occurred.

No Holder or any other person shall be entitled to any payment in respect of a Security in the event of any delay in the delivery of any Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

(f) Intervening Period. With respect to Share Settlement, for such period of time after the Exercise Date as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Shares or any other person any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the relevant Holder or any subsequent beneficial owner of such Shares or any other person in respect of any loss or damage which the relevant Holder or subsequent beneficial owner or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.

(g) Dividends. Any dividend in respect of any Share Amount to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Exercise Date and to be delivered in the same manner as such Share Amount. Any such dividend to be paid to a Holder shall be paid to the account specified in the relevant Exercise Notice.

(h) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean:

(1) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus,

capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a call by the Issuer in respect of relevant Shares that are not fully paid; (E) a repurchase by the Issuer of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (F) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined

by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding

Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

III CONDITIONS: 22. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO COMMODITY "MINI BULL" TURBO CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(a) If, following a Stop-Loss Event, the Securities are terminated the aggregate of:

(1) (Stop-Loss Termination Reference Price – Strike Price) x Entitlement; and

(2) the Funding Cost; and otherwise,

(b) (Final Reference Price – Strike Price) x Entitlement

provided that the Cash Amount shall not be less than zero. [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be expressed in the Settlement Currency and shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [*Insert Name*] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Commodity**" means the commodity specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the Commodity is primarily traded or any successor to such exchange or quotation system;

["**Exchange Rate**" means, with respect to the *[Insert Series Name]*, the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means the date specified as such in the definition of the relevant Series or, if any such day is not a Business Day, the next following Business Day;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount equal to the price of the Commodity on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Commodity on such date having regard to the then prevailing market conditions, the last reported trading price of the Commodity on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Funding Cost**" means for each Security and subject to adjustment in accordance with Product Condition 4, an amount as determined by the Calculation Agent equal to the Strike Price less the Strike Price discounted from the Exercise Date to (but excluding) the Stop-Loss Termination Date at the Spread [all converted into the Settlement Currency using the prevailing Exchange Rate, if so specified,] and multiplied by the Entitlement;

"**Issue Date**" means [·];

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Observation Period**" means the period from and including the [Issue Date], to and including the Valuation Date;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Securities**" means the cash settled "Mini Bull" Turbo Certificates relating to the Commodity and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means each series of Securities as set out below:

[[the / up to] [quantity][Insert Series Name]] "Mini Bull" Turbo Certificates

Commodity:	[·];
Exchange:	[·];
Entitlement:	[·];
Exercise Date:	[·];
Stop-Loss Price:	[·];
Strike Price:	[·];
ISIN:	[ ];
Valoren:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date or the Stop-Loss Termination Date, as the case may be;

"**Spread**" means a percentage rate as determined by the Calculation Agent having regard to the currency of the principal financial centre of the relevant Exchange, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant in determining the margin over the applicable interest rate;

"**Strike Price**" means the price specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Stop-Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the [•] of the Commodity on the Exchange is at any time on a Trading Day during the Observation Period other than a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, less than or equal to the Stop-Loss Price;

"**Stop-Loss Price**" means the price specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Stop-Loss Termination Date**" means the first date during the Observation Period on which the Stop-Loss Event occurs;

"**Stop-Loss Termination Reference Price**" means, subject to any adjustment in accordance with Product Condition 4, the fair value price, as determined by the Calculation Agent in its sole and absolute discretion, of the Commodity on the Stop-Loss Termination Date, based on the prices of the Commodity on the Exchange during the Stop-Loss Termination Valuation Period;

"**Stop-Loss Termination Valuation Period**" means a reasonable period immediately following the Stop-Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop-Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange, such period shall continue to such number of sequential next following Trading Days (up to the Valuation Time on the Valuation Date) as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the fifth Trading Day prior to the expiry of the Commodity or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market

conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the time with reference to which the Exchange publishes the daily closing price for the Commodity or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. Provided no Stop-Loss Event has occurred, the Securities will be deemed to be automatically exercised on the Exercise Date.

(b) Stop-Loss Event. Following a Stop-Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4.

(c) Cash Settlement. Each Security entitles its Holder to receive the Cash Amount from the Issuer on the Settlement Date.

(d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(e) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed to be in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(h) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. Each of the following is a "**Market Disruption Event**":

(a) Price Source Disruption. The failure by the Exchange to announce or publish the price for the Commodity (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange.

(b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange.

(c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Commodity on the Exchange.

(d) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the formula for and method of calculating the price of the Commodity.

(e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Commodity.

(f) *De Minimis* Trading. The number of contracts traded on the Exchange with respect to the Commodity is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or, a material reduction in, trading in the Commodity on the Exchange.

(g) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date and/or on each of the three Trading Days following the Valuation Date and/or during the Stop-Loss Termination Valuation Period from what it would have been without that imposition, change or removal.

(h) Trading Limitation. The material limitation imposed on trading in the Commodity with respect to it or any contract with respect thereto on any exchange or principal trading market.

The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

III CONDITIONS: 23. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO COMMODITY "MINI BEAR" SHORT CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(a) If, following a Stop-Loss Event, the Securities are terminated the aggregate of:

(Strike Price – Stop-Loss Termination Reference Price) x Entitlement; and otherwise

(b) (Strike Price – Final Reference Price) x Entitlement

provided that the Cash Amount shall not be less than zero. The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified. The aggregate Cash Amount payable to a Holder shall be expressed in the Settlement Currency and shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

["**Clearing Agent**" means [*Insert Name*] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Commodity**" means the commodity specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system where the Commodity is primarily traded or any successor to such exchange or quotation system;

["**Exchange Rate**" means, with respect to the *[Insert Series Name]*, the rate of exchange between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means the date specified as such in the definition of the relevant Series or, if any such day is not a Business Day, the next following Business Day;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount equal to the price of the Commodity on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Commodity on such date having regard to the then prevailing market conditions, the last reported trading price of the Commodity on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Issue Date**" means [·];

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Observation Period**" means the period from and including the Issue Date, to and including the Valuation Date;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Commodity are traded;

"**Securities**" means the cash settled "Mini Bear" Short Certificates relating to the Commodity and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means each series of Securities as set out below:

[[the / up to] [quantity][Insert Series Name]] "Mini Bear" Short Certificates

Commodity:	[·];
Exchange:	[·];
Entitlement:	[·];
Exercise Date:	[·];
Stop-Loss Price:	[·];
Strike Price:	[·];
ISIN:	[ ];
Valoren:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means [·];

"**Settlement Date**" means the fifth Business Day following the Valuation Date or the Stop-Loss Termination Date, as the case may be;

"**Strike Price**" means the price specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Stop-Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the [·] of the Commodity on the Exchange as shown on the Reuters page [·] is at any time on a Trading Day during the Observation Period other than a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, more than or equal to the Stop-Loss Price;

"**Stop-Loss Price**" means the price specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Stop-Loss Termination Date**" means the first date during the Observation Period on which the Stop-Loss Event occurs;

"**Stop-Loss Termination Reference Price**" means, subject to any adjustment in accordance with Product Condition 4, the fair value price, as determined by the Calculation Agent in its sole and absolute discretion, of the Commodity on the Stop-Loss Termination Date, based on the prices of the Commodity on the Exchange during the Stop-Loss Termination Valuation Period;

"**Stop-Loss Termination Valuation Period**" means a reasonable period immediately following the Stop-Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop-Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange, such period shall continue to such number of sequential next following Trading Days (up to the Valuation Time on the Valuation Date) as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the Expiration Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the time with reference to which the Exchange publishes the morning daily price fixing for the Commodity or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. Provided no Stop-Loss Event has occurred, the Securities will be deemed to be automatically exercised on the Exercise Date.

(b) Stop-Loss Event. Following a Stop-Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4.

(c) Cash Settlement. Each Security entitles its Holder to receive the Cash Amount from the Issuer on the Settlement Date.

(d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(e) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed to be in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) Expenses. All Expenses in respect of each Security shall be for the account of the relevant Holder and no payment of any Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(h) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. Each of the following is a "**Market Disruption Event**":

(a) Price Source Disruption. The failure by the Exchange to announce or publish the price for the Commodity (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange.

(b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange.

(c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Commodity on the Exchange.

(d) Material Change in nature of or pricing method. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the price of the Commodity.

(e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Commodity.

(f) *De Minimis* Trading. The number of contracts traded on the Exchange with respect to the Commodity is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or, a material reduction in, trading in the Commodity on the Exchange.

(g) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date and/or on each of the three Trading Days following the Valuation Date and/or during the Stop-Loss Termination Valuation Period from what it would have been without that imposition, change or removal.

(h) Trading Limitation. The material limitation imposed on trading in the Commodity with respect to it or any contract with respect thereto on any exchange or principal trading market.

The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

III CONDITIONS: 24. FORM OF SPECIMEN PRODUCT CONDITIONS RELATING TO EXCHANGEABLE SECURITIES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of [·] as principal agent (the "**Principal Agent**") and [·] and [·], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Asset**" means [·] ISIN [·], subject to Product Condition 4 and "**Assets**" shall be construed accordingly;

"**Asset Amount**" means for each Nominal Amount, a number of Assets determined by the Calculation Agent as being the Exchange Ratio, subject to adjustment in accordance with Product Condition 4. If the Asset Amount is an amount other than a whole number of Assets, the Holders will receive an Asset Amount comprising of the nearest whole number (rounded down) of Assets (taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the relevant Asset Amounts), and an amount in EUR which shall be the value of the outstanding fraction of an Asset, as calculated by the Calculation Agent on the basis of the official closing price of the Assets as quoted on the Exchange on the Exchange Date on which there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Exchange Date. In that case (i) the fifth Trading Day shall be deemed to be the Exchange Date for the purposes of calculating the value of any outstanding fraction of Assets (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the such value having regard to the then prevailing market conditions, the last reported trading price of the Asset on the Exchange and such other factors as the Calculation Agent determines to be relevant);

"**Asset Issuer**" means [·];

"**Asset Price**" means the price of the Asset as quoted on the Exchange at the relevant time;

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] and a day on which each Clearing Agent is open for business; and (ii) [physical settlement method];

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

$$[\bullet] \times \text{Nominal Amount}$$

[,provided that the Cash Amount shall not be less than the Nominal Amount.] [The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified.] The aggregate Cash Amount payable to a Holder shall be rounded to the nearest [two decimal places / whole unit] in the Settlement Currency, [0.005 / half a unit] being rounded downwards;

["**Clearing Agent**" means [·] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");]

"**Coupon**" means an interest coupon attached to the Definitive (if any) representing an entitlement in respect of each Interest Amount;

"**Cut-off Date**" means the last Trading Day in the Exchange Period;

"**Delivery Details**" means, where applicable, account details and/or name and address of any person into whose name evidence of the Asset Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered;

"**Determination Date**" means the day which is the [·] Trading day prior to the Maturity Date or such other date fixed for redemption;

"**Disruption Cash Settlement Price**" means the fair market value of such Security on such day as shall be selected by the Issuer less the cost to the Issuer of unwinding any related hedging arrangement, all as determined by the Issuer;

"**Exchange**" means the exchange or quotation system where the Assets or any securities to which the Assets relate have their primary listing or any successor to such exchange or quotation system;

"**Exchange Date**" means the second Trading Day immediately following the occurrence of all of (i) the surrender of such Security and delivery of a duly signed and completed Notice relating to such Security; and (ii) if applicable, the making of any payment relating to any Expenses;

"**Exchange Period**" means the period commencing on [*Insert Date*] and ending at Valuation Time on the Determination Date;

"**Exchange Ratio**" means Nominal Amount divided by the Exchange Price;

"**Exchange Price**" means [·],subject to adjustment in accordance with Product Condition 4;

["**Exchange Rate**" means the rate of exchange on the second Business Day immediately following the Exchange Date between [·] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [·] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due or delivery following exercise or otherwise in respect of such Security;

"**Form**" means [Definitive / Global];

"**Interest Amount**" means, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount × Interest Rate × Interest Rate Day Count Fraction ;

"**Interest Payment Date**" means [·] and the Maturity Date;

"**Interest Period**" means the period [commencing on (and including) / commencing from (and excluding) the Issue Date] to [(but excluding) / (and including)] the first Interest Payment Date and each period [commencing on (and including) / commencing from (and excluding)] an Interest Payment Date to [(but excluding) / (and including)] the next following Interest Payment Date. The Interest Period during which a Notice is delivered and each subsequent Interest Period shall be disregarded for this purpose;

"**Interest Rate**" means [·]per cent. per annum;

"**Interest Rate Day Count Fraction**" means that interest shall be calculated on the basis of [·];

"**Issue Date**" means [·];

"**Maturity Date**" means [·];

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Nominal Amount**" means [*ccy*] [*amount*];

"**Notice**" has the meaning ascribed thereto in Product Condition 3;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security); or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Assets or any securities to which the Assets relate are traded;

"**Securities**" means [*the / up to*] [*quantity*] exchangeable securities relating to the Assets and each a "**Security**";

"**Settlement Currency**" means [·];

"**Settlement Disruption Event**" means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Asset Amount in accordance with such market method as it decides at the relevant time for delivery of the relevant Asset Amount;

"**Trading Day**" means any day that is a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time.

"**Trigger Price**" means [*ccy*] [*amount*], subject to adjustment in accordance with Product Condition 4;

"**Valuation Time**" means [[the official close of trading on the Exchange]/[other] or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the

"**Holder**") of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global then, the Securities will be represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Redemption on the Maturity Date. Unless previously exchanged, redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed in respect of each Nominal Amount at the Cash Amount such redemption to occur, subject as provided below, on the Maturity Date or, if the Maturity Date is not a Business Day, then on the next succeeding Business Day.

(b) Interest Amount. In respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction. [In the event that a Notice is delivered by the relevant Holder during

an Interest Period then in respect of that Interest Period and each subsequent Interest Period to the Maturity Date to Interest Amount shall be paid.]

(c) Interest Accrual. Each Security shall cease to accrue interest (A) from and including the due date for redemption or, if a Notice is delivered, (B) from and including the day following the end of the immediately preceding Interest Period. No interest shall accrue after the Maturity Date in the event that delivery of any Asset Amount is postponed due to the occurrence of a Settlement Disruption Event.

(d) Optional Exchange Right. The Holder is entitled to exercise the Optional Exchange Right prior to the Valuation Time on the Cut-Off Date, at or before 4:30pm (CET) on any Trading Day, by delivery of a valid Notice at the specified ffice on the Agents, requesting the rights of such Holder to receive the Cash Amount and any Interest Amount not yet paid to be exchanged for the Assets. Upon any such valid exchange, the right of the relevant Holder to receive the Cash Amount and any Interest Amount not yet paid shall be extinguished, and in consideration and exchange thereof the Issuer shall, except as otherwise provided in these Conditions, deliver the Assets on the Settlement Date.

(e) Automatic Exchange. If at the Valuation Time on the Determination Date, the Asset Price multiplied by the Exchange Ratio is greater than the Trigger Price, then the rights of such holder to receive the Cash Amount and any Interest Amount not yet paid to be exchanged for the Assets.

(f) Exchange Right. If the Form is expressed to be Bearer, or following exchange of any Temporary Global Security into a Permanent Global Security (each of the Temporary Global Security and the Permanent Glolbal Security a "Global Security"), each Holder may at any time during the Exchange Period deliver a Notice prior to the Valuation Time on the Cut-Off Date requesting the rights of such holder to receive the Cash Amount and any Interest Amount not yet paid to be exchanged for the Assets. Upon any such exchange, the right of the relevant Holder to receive the Cash Amount and any Interest Amount not yet paid shall be extinguished.

(g) The number of Assets to be delivered on exchange of a Security will be determined by dividing the principal amount of the Security or Securities to be exchanged by the Exchange Price in effect at the Exchange Date.

(h) Method of Payment. Subject as provided below, where the Cash Amount or the Interest Amount is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency

drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount or Interest Amount is in euro, such payments will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are to be expressed in Global form, payments will be made via the Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(i) Presentation and Surrender. If settlement of the Securities is to be by payment of the Cash Amount, payment of the Cash Amount and the Interest Amount will be made against surrender of the Security and Coupon respectively (if Definitive) at the specified office of the Agent or the Global Security (if Global) by or on behalf of the Holder at the specified office of the relevant Agent. The Issuer shall record all payments made to the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made. The bearer of a Security shall be the only person entitled to receive payments of the Cash Amount or as the case may be the Interest Amount and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Security, or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his Asset of each such payment so made by the Issuer to or to the order of the bearer of the Security.

(j) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(k) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount or the Interest Amount.

(l) Notice. If the Securities are to be redeemed by delivery of the Asset Amount then, in order to obtain delivery of the Asset Amount the relevant Holder must deliver to the Agent (if the Securities are expressed to be in Definitive form) or the Clearing Agent, (if the Securities are expressed to be in Global form) in each case with a copy to the Principal Agent a notice (the "**Notice**") not later than close of business in the place of reception thereof on the Cut-Off Date. No Notice may be withdrawn after receipt of

it by a Clearing Agent, Agent or Principal Agent. After delivery of a Notice, Securities which are the subject of such Notice may not be transferred.

The Notice shall:

(1) specify the aggregate Nominal Amount of the Securities which are the subject of such Notice;

(2) attach the specified aggregate Nominal Amount of the Securities together with all unmatured Coupons relating to such Securities (if in Definitive form) or specify the number of the account with the Clearing Agent to be debited with such Securities and all unmatured Coupons relating to such Securities (if in Global form) and instruct the Clearing Agent to debit such account on such date;

(3) specify whether, if a Disruption Cash Settlement Price or any dividend is payable in a currency other than euro, it should be paid by or on behalf of the Issuer in the Settlement Currency (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) to an account maintained by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; or if such amount is payable in euro, payments will be made by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque and in any case specify the number of the account and other relevant information or, as the case may be, the address for delivery of the cheque;

(4) include an undertaking to pay all Expenses and an authority to debit the account with the Clearing Agent in respect thereof or, as the case may be, to debit the account referred to in paragraph (3) above or make a deduction from any cheque; and

(5) specify the account details and/or name and address of any person into whose name evidence of the Asset Amount is to be registered and /or any person to whom documents evidencing title are to be delivered.

(m) Late Delivery of Notice. Unless Mandatory Exchange applies, any Notice delivered after the close of business in the place of receipt on the Cut-off Date shall be void and of no effect For the avoidance of doubt, no holder of Securities or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of such

Notice (or the copy thereof) being delivered after close of business on the Cut-off Date as provided above.

If Mandatory Exchange applies and if the Notice is delivered to the relevant Clearing Agent or the copy is delivered to the Principal Agent after the close of business in the place of receipt on the Cut-off Date, then the Asset Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to an Asset Amount whether on or after the Maturity Date being for the purposes of the Conditions the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no holder of Securities or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Notice (or the copy thereof) being delivered after close of business on the Cut-off Date as provided above. In the event that a Holder does not, in respect of a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Notice as set out above, prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount in respect of such Security in the open market or otherwise at a price determined by the Issuer, in its sole discretion, to be the fair market value of the Shares, and shall hold the proceeds (the "**Realised Share Amount**") for the account of the relevant Holder, until presentation of the relevant Notice. Upon payment of the Realised Share Amount as aforesaid, the Issuer's obligations in respect of such Security shall be discharged.

(n) Verification. In respect of any Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(o) Delivery of the Asset Amount. Subject as provided in the Conditions, the delivery of the Asset Amount shall be made at the risk of the relevant Holder and shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Assets or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of any Holder or any other person as the registered holder of the Asset in any register or record (if so required).

(p) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether any such Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper

form, or where applicable, which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void. If such Notice is subsequently corrected to the satisfaction of the Principal Agent it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent. The Principal Agent shall use its best efforts promptly to notify the Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(q) Expenses. In respect of each Security, all Expenses in respect thereof shall be for the account of the relevant Holder and no payment of the Cash Amount in respect of a Security shall be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

(r) Intervening Period. If redemption of a Security is to be by delivery of the Asset Amount, for such period of time after the Maturity Date as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Assets comprising the relevant Asset Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of any document or payment whatsoever received by that person in its capacity as the holder of such Assets (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Assets during the Intervening Period or (iii) be under any liability to the relevant Holder or any subsequent beneficial owner of such Assets or any other person in respect of any loss or damage which the relevant Holder or subsequent beneficial owner or any other person may sustain or suffers as a result, whether directly or indirectly, of the Issuer or any other such persons being the legal owner of such Assets during such Intervening Period.

(s) Dividends. If the Asset is a share then, any dividend in respect of any Asset Amount to be delivered will be payable to the party, as determined by the Issuer, that would receive such dividend in accordance with market practice for a sale of the Assets executed on the Exchange Date and to be delivered in the same manner as such Asset Amount. Any such dividend to be paid to a Holder shall be paid to the account specified in the relevant Notice.

(t) Settlement Disruption. If, prior to the delivery in accordance with the Conditions of the Asset Amount in respect of any Security, in the determination of the Calculation

Agent, a Settlement Disruption Event is subsisting, then the Delivery Date for such Security shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting. For so long as delivery of any Asset Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election is given to the Holders in accordance with General Condition 4. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 that a Settlement Disruption Event has occurred. No Holder or any other person shall be entitled to any payment (including but not limited to interest) in respect of a Security in the event of any delay in the delivery of any Asset Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

(u) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" shall mean: the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on any Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise), (A) on an Exchange in securities that comprise 20 per cent or more of the Asset, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Asset is suspended or materially limited at that time, then the relevant percentage contribution of that security to the Asset shall be based on a comparison of (x) the portion of the Asset attributable to that security relative to (y) the overall Asset, in each case immediately

before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Asset or any security to which the Asset relates. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Asset. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1) or (2) below.

(1) If on or prior to the Valuation Date the Asset Issuer is liquidated, dissolved or otherwise ceases to exist is subject to proceedings under any applicable bankruptcy, insolvency or other similar law, then the Calculation Agent may make an adjustment to any one or more of the Conditions to account for such event and determine the effective date of that adjustment (the Calculation Agent may, but need not, determine the appropriate adjustment by reference to any adjustment made by any Exchange or Related Exchange).

(2) If the price for the Asset is not published on the Exchange but is published on another exchange or quotation system (the "**Successor Exchange**") acceptable to the Calculation Agent, then the price for the Asset will be deemed to be price so published such Successor Exchange.

(c) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 25: PRODUCT CONDITIONS RELATING TO CURRENT PRICES OF [COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS] MINI LONG CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") [●] [each]acting through its specified office and [together,]the "**Agents**" shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Calculation Period**" means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula:

(a) Upon Exercise:

(Final Reference Price - Current Financing Level) x Entitlement, less Expenses (the "**Exercise Cash Amount**"); or

(b) Upon an Issuer Call:

(Termination Reference Price - Current Financing Level) x Entitlement, less Expenses (the "**Issuer Call Cash Amount**"); or

(c) Following a Stop Loss Event:

(Stop Loss Termination Reference Price - Current Financing Level) x Entitlement, less Expenses (the "**Stop Loss Cash Amount**"),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate

is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [•] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Current Financing Level**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

(a) the Current Financing Level on the previous Reset Date; plus

(b) Handling Cost; minus

(c) if such determination is to be made on a Rollover Date, the corresponding Rollover Spread.

The Current Financing Level on the Issue Date is the level specified as such in the definition of the relevant Series;

"**Current Spread**" means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant. The Calculation Agent may adjust the Current Spread on each Reset Date, but in any event, the Current Spread will not exceed the "**Maximum Spread**" (as specified in the definition of the relevant Series) per annum. The Current Spread on the Issue Date is the spread specified as such in the definition of the relevant Series;

"**Current Stop Loss Premium**" means an amount in the Financing Level Currency as determined by the Calculation Agent on each Reset Date, in its sole and absolute discretion, and subject to adjustment in accordance with Product Condition 4, having regard to the current market conditions (including, without limitation, market volatility). The Current Stop Loss Premium shall (subject to any rounding) not be less than the "**Minimum Premium**" nor greater than the "**Maximum Premium**" (both as specified in the definition of the relevant Series) of the Current Financing Level, subject to adjustment in accordance with Product Condition 4. The percentage used for calculating the Current Stop Loss Premium (the "**Current Stop Loss Premium Rate**") on the Issue Date is the rate specified as such in the definition of the relevant Series;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Exchange Rate**" means, where the Financing Level Currency is different to the Settlement Currency, the rate of exchange between the Financing Level Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means, subject to a Stop Loss Event, the third Trading Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

"**Exercise Time**" means [•];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the closing Reference Asset Price on the Exchange at the Valuation Time, adjusted for any reasonable market making spreads, on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the closing Reference Asset Price on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Financing Level Currency**" means the currency specified as such in the definition of the relevant Series;

"**Handling Cost**" means, subject to adjustment in accordance with Product Condition 4, an amount, as determined on a daily basis by the Calculation Agent, equal to:

(a) Current Spread; multiplied by

(b) the Current Financing Level on the previous Reset Date; multiplied by

(c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by 360;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Issuer Call**" means termination of the Securities by the Issuer in accordance with Product Condition 3;

"**Issuer Call Commencement Date**" means the first Business Day following the six-month period from and including the Issue Date;

"**Issuer Call Date**" means the day specified as such in the notice delivered in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (a) the fifth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Termination Reference Price having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines to be relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Reference Asset**" means the Reference Asset as of the Issue Date specified as such in the definition of the relevant Series, and thereafter the Issuer shall, during Trading Hours on the Rollover Date, effect substitution of a financially equivalent reference asset (the "**Substitute Asset**") selected by the Issuer. Thereafter the Substitute Asset shall for all purposes be the Reference Asset;

"**Reference Asset Price**" means the current price of the Reference Asset. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided

by the applicable contract factor (the value of 1.0 future's point) specified on the applicable Bloomberg page referred to in the definition of the relevant Series, and if no such page reference exists, such other page reference as the Calculation Agent determines;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded;

"**Reset Date**" means the Issue Date and thereafter (a) the [•] day of each calendar month, provided that if such day is not a Business Day the next following Business Day, or if a Rollover Date occurs in such month the Business Day following such Rollover Date, or (b) each Business Day; all as determined by the Calculation Agent;

"**Rollover Date**" means [the prompt date of the reference asset with expiry month preceding the current existing Reference Asset][2] [a date, being a Trading Day, as selected by the Issuer within the last ten Trading Days prior to the [last Trading Day of the Reference Asset] [last Trading Day of the reference asset with an expiry month preceding the existing Reference Asset] [means the period ending not less than ten Trading Days prior to the first notice date of the Reference Asset] means the period within the last ten Trading Days prior to the first notice date of the Reference Asset.;

"**Rollover Spread**" means the fair value spread calculated as the price determined by the Issuer for liquidating its related hedging arrangements for the Reference Asset minus the price determined by the Issuer for establishing its related hedging arrangements for the Substitute Asset during the substitution of the Reference Asset for the Substitute Asset by reference to liquidity in the Reference Asset and the Substitute Asset. The Rollover Spread may be a negative number;

"**Securities**" means the Mini Long certificates relating to the current price of the [futures or forward] contracts over the specified Commodities and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of the Securities as set out below:

Current Price of the Forward Contract High Grade Primary Aluminium Mini Long Certificates

Entitlement: [ ];

Reference Asset: [ ] (Bloomberg [ ]);

Exchange: [ ];

Issue Date: [ ];

Stop Loss Price:	[ ];
Current Financing Level:	[ ];
Financing Level Currency:	[ ];
Settlement Currency:	[ ];
Minimum Premium:	[ ];
Maximum Premium:	[ ];
Maximum Spread:	[ ];
Current Spread:	[ ];
Current Stop Loss Premium Rate:	[ ];
ISIN:	[ ];
Valoren:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the [fifth] Business Day following the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date, as the case may be;

"**Stop Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the Reference Asset Price (which shall be deemed to be a monetary value in the Financing Level Currency) at any time on any Trading Day, from and including the Issue Date, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, is less than or equal to the Stop Loss Price;

"**Stop Loss Price**" means an amount calculated on each Reset Date (which shall be deemed to be a monetary value in the Financing Level Currency), subject to adjustment in accordance with Product Condition 4, determined by the Calculation Agent in its sole and absolute discretion, as:

(a) the Current Financing Level; plus

(b) the Current Stop Loss Premium.

The Stop Loss Price shall be rounded up to the next [whole unit (with 0.5 being rounded upwards] two decimal places (with 0.005 being rounded upwards)] [four decimal places (with 0.00005 being rounded upwards)] of the Financing Level Currency. The Stop Loss Price on the Issue Date shall be the amount specified as such in the definition of the relevant Series;

"**Stop Loss Termination Date**" means the first Trading Day on which the Stop Loss Event occurs;

"**Stop Loss Termination Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency), as determined by the Calculation Agent in its sole and absolute discretion on the Stop Loss Termination Valuation Date, equal to the fair value of the Reference Asset Price, based on the Reference Asset Prices on the Exchange during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Date**" means the last Trading Day during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Period**" means a reasonable period following the Stop Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange (excluding for this purpose any period during which a Market Disruption Event is continuing), such period shall continue to such number of sequential next following Trading Days as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Termination Reference Price**" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the Reference Asset Price on the Exchange at the Valuation Time, adjusted for any reasonable market making spreads, on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Trading Day**" means any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;"**Trading Hours**" means as regards each Exchange its regular scheduled opening hours on the Rollover Date;

"Valuation Date" means the [prompt date in • each year commencing • 200•] [last Trading Day of [•] in each year, commencing from (and including) • 200•], unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the

Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the close of [●] [session] [trading] on the Exchange, or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES.

(a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exerciseable by delivery of a Notice prior to the Exercise Time on an Exercise Date.

(b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date, as the case may be.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Stop Loss Event, the Securities, in whole but not in part on any Business Day by giving Holders at least one calendar year notice of its intention to terminate the Securities such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

(d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive, from the Issuer on the Settlement Date either:

(1) The Exercise Cash Amount, following a valid Exercise, or

(2) The Issuer Call Cash Amount, following a valid Issuer Call, or

(3) The Stop Loss Cash Amount, following a Stop Loss Event.

(e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent nor any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(g) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(h) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(i) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(j) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(l) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

(m) Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(n) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(o) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A "**Market Disruption Event**" means:

(a) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange on the Valuation Date, the Issuer Call Date or during the Stop Loss Termination Valuation Period; or

(b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or

(c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Reference Asset on the Exchange; or

(d) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the Reference Asset Price; or

(f) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Reference Asset; or

(g) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Reference Asset is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or, a material reduction in, trading in the Reference Asset on the Exchange; or

(h) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Reference Asset Price on the Valuation Date and/or on each of the three Trading Days following the Valuation Date and/or the Issuer Call Date and/or during the Stop Loss Termination Valuation Period from what it would have been without that imposition, change or removal; or

(i) Trading Limitation. The material limitation imposed on trading in the Reference Asset with respect to it or any contract with respect thereto on any exchange or principal trading market; or

(j) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or Related Exchange is located.

(k) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

The Calculation Agent may make such adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 26: PRODUCT CONDITIONS RELATING TO CURRENT PRICES OF THE COMMODITY FORWARD CONTRACTS AND COMMODITY FURTURE CONTRACTS MINI SHORT CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] [ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") [and [•], [each]acting through its specified office and [together,]the "**Agents**" shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Calculation Period**" means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula:

(a) Upon Exercise:

(Current Financing Level – Final Reference Price) x Entitlement, less Expenses (the "**Exercise Cash Amount**"); or

(b) Upon an Issuer Call:

(Current Financing Level – Termination Reference Price) x Entitlement, less Expenses (the "**Issuer Call Cash Amount**"); or

(c) Following a Stop Loss Event:

(Current Financing Level – Stop Loss Termination Reference Price) x Entitlement, less Expenses (the "**Stop Loss Cash Amount**"),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate

is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [•] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Current Financing Level**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

(a) the Current Financing Level on the previous Reset Date; minus

(b) Handling Cost; minus

(c) if such determination is to be made on a Rollover Date, the corresponding Rollover Spread.

The Current Financing Level on the Issue Date is the level specified as such in the definition of the relevant Series;

"**Current Spread**" means a per annum percentage rate as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant. The Calculation Agent may adjust the Current Spread on each Reset Date, but in any event, the Current Spread will not exceed the "**Maximum Spread**" (as specified in the definition of the relevant Series) per annum. The Current Spread on the Issue Date is the spread specified as such in the definition of the relevant Series;

"**Current Stop Loss Premium**" means an amount in the Financing Level Currency as determined by the Calculation Agent on each Reset Date, in its sole and absolute discretion, and subject to adjustment in accordance with Product Condition 4, having regard to the current market conditions (including, without limitation, market volatility). The Current Stop Loss Premium shall (subject to any rounding) not be less than the "**Minimum Premium**" nor greater than the "**Maximum Premium**" (both as specified in the definition of the relevant Series) of the Current Financing Level, subject to adjustment in accordance with Product Condition 4. The percentage used for calculating the Current Stop Loss Premium (the "**Current Stop Loss Premium Rate**") on the Issue Date is the rate specified as such in the definition of the relevant Series;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Exchange Rate**" means, where the Financing Level Currency is different to the Settlement Currency the rate of exchange between the Financing Level Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means, subject to a Stop Loss Event, the third Trading Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

"**Exercise Time**" means [•];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the closing Reference Asset Price on the Exchange t the Valuation Time, adjusted for any reasonable market-making spreads, on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the closing Reference Asset Price on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Financing Level Currency**" means the currency specified as such in the definition of the relevant Series;

"**Handling Cost**" means, subject to adjustment in accordance with Product Condition 4, an amount, as determined on a daily basis by the Calculation Agent, equal to:

(a) Current Spread; multiplied by

(b) the Current Financing Level on the previous Reset Date; multiplied by

(c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by 360.

The Handling Cost may be a negative number;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Issuer Cal**l" means termination of the Securities by the Issuer in accordance with Product Condition 3;

"**Issuer Call Commencement Date**" means the first Business Day following the six-month period from and including the Issue Date;

"**Issuer Call Date**" means the day specified as such in the notice delivered in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (a) the fifth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Termination Reference Price having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines to be relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Reference Asset**" means the Reference Asset as of the Issue Date specified as such in the definition of the relevant Series, and thereafter the Issuer shall, during Trading Hours on the Rollover Date, effect substitution of a financially equivalent reference asset (the "**Substitute Asset**") selected by the Issuer. Thereafter the Substitute Asset shall for all purposes be the Reference Asset;

"**Reference Asset Price**" means the current price of the Reference Asset. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided by the applicable contract factor (the value of 1.0 future's point) specified on the applicable Bloomberg page referred to in the definition of the relevant Series, and if no such page reference exists, such other page reference as the Calculation Agent determines;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded;

"**Reset Date**" means the Issue Date and thereafter (a) the [•] day of each calendar month, provided that if such day is not a Business Day the next following Business Day, or if a Rollover Date occurs in such month the Business Day following such Rollover Date, or (b) each Business Day; all as determined by the Calculation Agent;

"**Rollover Date**" means [the prompt date of the reference asset with expiry month preceding the current existing Reference Asset] [a date, being a Trading Day, as selected by the Issuer within the last ten Trading Days prior to the [last Trading Day of the Reference Asset] [last Trading Day of the reference asset with an expiry month preceding the existing Reference Asset] [means the period ending not less than ten Trading Days prior to the first notice date of the Reference Asset] means the period within the last ten Trading Days prior to the first notice date of the Reference Asset.;

"**Rollover Spread**" means the fair value spread calculated as the price determined by the Issuer for liquidating its related hedging arrangements for the Reference Asset minus the price determined by the Issuer for establishing its related hedging arrangements for the Substitute Asset during the substitution of the Reference Asset for the Substitute Asset by reference to liquidity in the Reference Asset and the Substitute Asset. The Rollover Spread may be a negative number;

"**Securities**" means the Mini Short certificates relating to the current price of the [futures or forward]contracts over the specified Commodities and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of the Securities as set out below:

[insert series]

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the fifth Business Day following the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date, as the case may be;

"**Stop Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the Reference Asset Price (which shall be deemed to be a monetary value in the Financing Level Currency) at any time (London time) on any Trading Day, from and including the Issue Date, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, is greater than or equal to the Stop Loss Price;

"**Stop Loss Price**" means an amount calculated on each Reset Date (which shall be deemed to be a monetary value in the Financing Level Currency), subject to adjustment in accordance with Product Condition 4, determined by the Calculation Agent in its sole and absolute discretion, as:

(a) the Current Financing Level; minus

(b) the Current Stop Loss Premium.

The Stop Loss Price shall be rounded up to the next [whole unit (with 0.5 being rounded upwards] two decimal places (with 0.005 being rounded upwards)] [four decimal places (with 0.00005 being rounded upwards)] of the Financing Level Currency. The Stop Loss Price on the Issue Date shall be the amount specified as such in the definition of the relevant Series;

"**Stop Loss Termination Date**" means the first Trading Day on which the Stop Loss Event occurs;

"**Stop Loss Termination Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency), as determined by the Calculation Agent in its sole and absolute discretion on the Stop Loss Termination Valuation Date, equal to the fair value of the Reference Asset Price, based on the Reference Asset Price on the Exchange during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Date**" means the last Trading Day during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Period**" means a reasonable period following the Stop Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange (excluding for this purpose any period during which a Market Disruption Event is continuing), such period shall continue to such number of sequential next following Trading Days as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Termination Reference Price**" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the Reference Asset Price on the Exchange at the Valuation Time, adjusted for any reasonable market-making spreads, on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Trading Day**" means any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

"**Trading Hours**" means as regards each Exchange its regular scheduled opening hours on the Rollover Date;

"Valuation Date" means the [prompt date in • each year commencing • 200•] [last Trading Day of • in each year, commencing from (and including) • 200•], unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the close of [•] [session] [trading] on the Exchange, or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent

as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES.

(a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exerciseable by delivery of a Notice prior to the Exercise Time on an Exercise Date.

(b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date as the case may be.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Stop Loss Event, the Securities, in whole but not in part on any Business Day by giving Holders at least [one][two] calendar year notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

(d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive, from the Issuer on the Settlement Date either:

(1) The Exercise Cash Amount, following a valid Exercise, or

(2) The Issuer Call Cash Amount, following a valid Issuer Call, or

(3) The Stop Loss Cash Amount, following a Stop Loss Event.

(e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent nor any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(g) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and

which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(h) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(i) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(j) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(k) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

(l) Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

(m) The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(n) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(o) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A "**Market Disruption Event**" means:

(a) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange on the Valuation Date, the Issuer Call Date or during the Stop Loss Termination Valuation Period; or

(b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or

(c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Reference Asset on the Exchange; or

(d) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the Reference Asset Price; or

(e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Reference Asset Price; or

(f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Reference Asset is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or, a material reduction in, trading in the Reference Asset on the Exchange; or

(g) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Reference Asset Price on the Valuation Date and/or on each of the three Trading Days following the Valuation Date and/or the Issuer Call Date and/or during the Stop Loss Termination Valuation Period from what it would have been without that imposition, change or removal; or

(h) Trading Limitation. The material limitation imposed on trading in the Reference Asset with respect to it or any contract with respect thereto on any exchange or principal trading market; or

(i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or Related Exchange is located.

(j) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

The Calculation Agent may make such adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 27: PRODUCT CONDITIONS RELATING TO INDEX MINI LONG CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] [ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom] as principal agent (the "**Principal Agent**") [and •], [each] acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Calculation Period**" means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula:

(a) Upon Exercise:

(Final Reference Price - Current Financing Level) x Entitlement, less Expenses (the "**Exercise Cash Amount**"); or

(b) Upon an Issuer Call:

(Termination Reference Price - Current Financing Level) x Entitlement, less Expenses (the "**Issuer Call Cash Amount**"); or

(c) Following a Stop Loss Event:

(Stop Loss Termination Reference Price - Current Financing Level) x Entitlement, less Expenses (the "**Stop Loss Cash Amount**"),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate

is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [•] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Current Financing Level**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

(a) the Current Financing Level on the previous Reset Date; plus

(b) Funding Cost; and minus

(c) if specified to be applicable in the definition of the relevant Series, Notional Dividend Amounts, and if specified to be inapplicable in the definition of the relevant Series, Notional Dividend Amounts shall be disregarded in the calculation of Current Financing Level.

The Current Financing Level on the Issue Date is the level specified as such in the definition of the relevant Series;

"**Current Spread**" means a per annum percentage rate as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant. The Calculation Agent may adjust the Current Spread on each Reset Date, but in any event, the Current Spread will not exceed the "**Maximum Spread**" (as specified in the definition of the relevant Series) per annum. The Current Spread on the Issue Date is the spread specified as such in the definition of the relevant Series;

"**Current Stop Loss Premium**" means an amount in the Financing Level Currency as determined by the Calculation Agent on each Reset Date, in its sole and absolute discretion, and subject to adjustment in accordance with Product Condition 4, having regard to the current market conditions (including, without limitation, market volatility). The Current Stop Loss Premium shall not be less than the "**Minimum Premium**" nor greater than the "**Maximum Premium**" (both as specified in the definition of the relevant Series) of the Current Financing Level, subject to adjustment in accordance with Product Condition 4. The percentage used for calculating the Current Stop Loss Premium (the "**Current Stop Loss**

Premium Rate") on the Issue Date is the rate specified as such in the definition of the relevant Series;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means each exchange or quotation system from which the Index Sponsor takes the prices of the shares that comprise the Index (the "**Shares**") to compute the Index or any successor to such exchange or quotation system;

"**Exchange Rate**" means, where the Financing Level Currency is different to the Settlement Currency, the rate of exchange between the Financing Level Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means, subject to a Stop Loss Event, the third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

"**Exercise Time**" means [•];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the level of the Index at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Financing Level Currency**" means the currency specified as such in the definition of the relevant Series;

"**Funding Cost**" means, subject to adjustment in accordance with Product Condition 4, an amount, as determined by the Calculation Agent, equal to:

(a) Prevailing Rate plus Current Spread; multiplied by

(b) the Current Financing Level on the previous Reset Date; multiplied by

(c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by 360;

"**Index**" means the index specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Index Sponsor**" means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Issuer Call**" means termination of the Securities by the Issuer in accordance with Product Condition 3;

"**Issuer Call Commencement Date**" means the first Business Day following the six month period from and including the Issue Date;

"**Issuer Call Date**" means the day specified as such in the notice delivered in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (a) the fifth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Termination Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Notional Dividend Amounts**" means an amount, as determined by the Calculation Agent, equal to the sum of the cash dividends and/or other cash distributions in respect of the Shares

which have an ex-dividend date occurring during the Notional Dividend Period net of applicable withholding taxes at a rate adjusted by application of the United Kingdom tax treaty without regard to any tax credits, and less any Expenses;

"**Notional Dividend Period**" means each period from (but excluding) the Issue Date to (and including) the earlier of the next following Reset Date or the Stop Loss Termination Date and thereafter from (but excluding) the Reset Date to (and including) the earlier of the next following Reset Date or the Stop Loss Termination Date;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Prevailing Rate**" means the rate, as determined by the Calculation Agent in its sole and absolute discretion, for deposits in the Financing Level Currency in the inter-bank market of with a maturity of either one month or overnight, as selected by the Calculation Agent in its sole and absolute discretion;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Reset Date**" means the Issue Date and thereafter (a) the 15th day of each calendar month, provided that if such day is not a Business Day the next following Business Day, or (b) each Business Day, at the determination of the Calculation Agent;

"**Securities**" means the Mini Long certificates relating to the Index and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of the Securities as set out below:

[Underlying] Mini Long Certificates [Series [ ]]

Entitlement:	[ ];
Index:	[ ];
Issue Date:	[ ];
Notional Dividend Amounts:	[applicable][inapplicable];
Stop Loss Price:	[ ];
Current Financing Level:	[ ];
Financing Level Currency:	[ ];

Settlement Currency:	[ ];
Minimum Premium:	[ ] %;
Maximum Premium:	[ ];
Maximum Spread:	[ ] %;
Current Spread:	[ ] %;
Current Stop Loss Premium Rate:	[ ] %;
ISIN:	[ ];
Valoren:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the [fifth] Business Day following the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date, as the case may be;

"**Stop Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the level of the Index (which shall be deemed to be a monetary value in the Financing Level Currency) is at any time on any Trading Day, from and including the Issue Date, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, less than or equal to the Stop Loss Price;

"**Stop Loss Price**" means an amount calculated on each Stop Loss Reset Date (which shall be deemed to be a monetary value in the Financing Level Currency), subject to adjustment in accordance with Product Condition 4, determined by the Calculation Agent in its sole and absolute discretion, as:

(a) the Current Financing Level on the current Stop Loss Reset Date; plus

(b) the Current Stop Loss Premium on the current Stop Loss Reset Date.

The Stop Loss Price shall be rounded upwards to the next whole 10 Index Points. As used in this definition the term "**Index Points**" shall refer to the standard market quotation basis of the Index Sponsor with respect to the Index. The Stop Loss Price on the Issue Date shall be the amount specified as such in the definition of the relevant Series;

"**Stop Loss Reset Date**" means (a) the 15th day of each calendar month, provided that if such day is not a Business Day the next following Business Day or (b) each Business Day, at the determination of the Calculation Agent;

"**Stop Loss Termination Date**" means the first Trading Day on which the Stop Loss Event occurs;

"**Stop Loss Termination Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency), as determined by the Calculation Agent in its sole and absolute discretion on the Stop Loss Termination Valuation Date, equal to the fair value level of the Index, based on the levels of the Index during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Date**" means the last Trading Day during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Period**" means a reasonable period immediately following the Stop Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange or the Related Exchange (excluding for this purpose any period during which a Market Disruption Event is continuing), such period shall continue to such number of sequential next following Trading Days as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Termination Reference Price**" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the level of the Index at the Valuation Time on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Trading Day**" means any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

"Valuation Date" means the last Trading Day of • in each year, commencing from (and including) [• 200•], unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the time with reference to which the Index Sponsor calculates the closing level of the Index, or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all pu*r*poses except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES.

(a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exerciseable by delivery of a Notice prior to the Exercise Time on an Exercise Date.

(b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with

General Condition 4. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date as the case may be.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Stop Loss Event, the Securities, in whole but not in part on any Business Day by giving Holders at least [one calendar years][three months] notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

(d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive, from the Issuer on the Settlement Date either:

(1) The Exercise Cash Amount, following a valid Exercise, or

(2) The Issuer Call Cash Amount, following a valid Issuer Call, or

(3) The Stop Loss Cash Amount, following a Stop Loss Event.

(4) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(5) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent nor any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(6) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

(e) A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(f) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(g) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(h) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(i) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

(j) Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

(k) The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(l) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(m) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"Market Disruption Event" means: (i) a general moratorium is declared in respect of banking activities in the country in which any Exchange or any Related Exchange is located or (ii) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise), (A) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below.

(1) If the Index is: (A) not calculated and announced by the Index sponsor but is calculated and published by a successor to the Index Sponsor (the **"Successor Sponsor"**) acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(2) If: (A) on or prior to the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date as the case may be, the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and/or publish the Index; then (in either case) the Calculation Agent shall determine the Final Reference Price, the Stop Loss Termination Reference Price or the Termination Reference Price using, in lieu of a published level for the Index on the Valuation Date, the Issuer Call Date or during the Stop Loss Valuation Period as the case may be, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or in the case of a material modification of the Index only, the Calculation Agent shall deem such modified Index to be the Index so calculated and announced or to terminate the Securities by giving notice in accordance with General Condition 4.

(3) If, at any time, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor, has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor, pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account. (A) a distribution or dividend to existing holders of the shares comprising the Index (the "**Shares**") of: (aa) Shares; or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (ccc) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the

Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (H) any other similar event having dilutive or concentrative effect on the theoretical value of the Shares.

(4) The Issuer reserves the right to make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

(c) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 28: PRODUCT CONDITIONS RELATING TO INDEX MINI SHORT CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to the Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] [ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom] as principal agent (the "**Principal Agent**") and [•], [each] acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Calculation Period**" means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula:

(a) Upon Exercise:

(Current Financing Level – Final Reference Price) x Entitlement, less Expenses (the "**Exercise Cash Amount**"); or

(b) Upon an Issuer Call:

(Current Financing Level – Termination Reference Price) x Entitlement, less Expenses (the "**Issuer Call Cash Amount**"); or

(c) Following a Stop Loss Event:

(Current Financing Level – Stop Loss Termination Reference Price) x Entitlement, less Expenses (the "**Stop Loss Cash Amount**")

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate

is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [•] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Current Financing Level**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

(a) the Current Financing Level on the previous Reset Date; plus

(b) Funding Cost; minus

(c) if specified to be applicable in the definition of the relevant Series, Notional Dividend Amounts, and if specified to be inapplicable in the definition of the relevant Series, Notional Dividend Amounts shall be disregarded in the calculation of Current Financing Level.

The Current Financing Level on the Issue Date is the level specified as such in the definition of the relevant Series;

"**Current Spread**" means a per annum percentage rate as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant. The Calculation Agent may adjust the Current Spread on each Reset Date, but in any event, the Current Spread will not exceed the "**Maximum Spread**" (as specified in the definition of the relevant Series) per annum (save that if, in the sole discretion of the Calculation Agent, at any time the market rate for borrowing the Index or hedging the Securities with futures materially exceeds such market rate as of the Issue Date, the Maximum Spread may be increased to reflect this change). The Current Spread on the Issue Date is the spread specified as such in the definition of the relevant Series;

"**Current Stop Loss Premium**" means an amount in the Financing Level Currency as determined by the Calculation Agent on each Reset Date, in its sole and absolute discretion, and subject to adjustment in accordance with Product Condition 4, having regard to the current market conditions (including, without limitation, market volatility). The Current Stop Loss Premium shall not be less than the "**Minimum Premium**" nor greater than the "**Maximum Premium**" (both as specified in the definition of the relevant Series) of the

Current Financing Level, subject to adjustment in accordance with Product Condition 4. The percentage used for calculating the Current Stop Loss Premium (the "**Current Stop Loss Premium Rate**") on the Issue Date is the rate specified as such in the definition of the relevant Series;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means each exchange or quotation system from which the Index Sponsor takes the prices of the shares that comprise the Index (the "**Shares**") to compute the Index or any successor to such exchange or quotation system;

"**Exchange Rate**" means, where the Financing Level Currency is different to the Settlement Currency, the rate of exchange between the Financing Level Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means, subject to a Stop Loss Event, the third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

"**Exercise Time**" mean [●];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the level of the Index at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Financing Level Currency**" means the currency specified as such in the definition of the relevant Series;

"**Funding Cost**" means, subject to adjustment in accordance with Product Condition 4, an amount, as determined by the Calculation Agent, equal to:

(a) Prevailing Rate minus Current Spread; multiplied by

(b) the Current Financing Level on the previous Reset Date; multiplied by

(c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by 360.

The Funding Cost can be a negative number;

"**Index**" means the index specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Index Sponsor**" means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Issuer Call**" means termination of the Securities by the Issuer in accordance with Product Condition 3;

"**Issuer Call Commencement Date**" means the first Business Day following the six month period from and including the Issue Date;

"**Issuer Call Date**" means the day specified as such in the notice delivered in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (a) the fifth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Termination Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Notional Dividend Amounts**" means an amount, as determined by the Calculation Agent, equal to the sum of the cash dividends and/or other cash distributions in respect of the Shares which have an ex-dividend date occurring during the Notional Dividend Period without regard to any withholding tax or other deductions multiplied by the prevailing dividend percentage payable under market standard stock borrow agreements, as determined by the Calculation Agent in its sole and absolute discretion;

"**Notional Dividend Period**" means each period from (but excluding) the Issue Date to (and including) the earlier of the next following Reset Date or the Stop Loss Termination Date and thereafter from (but excluding) the Reset Date to (and including) the earlier of the next following Reset Date or the Stop Loss Termination Date;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Prevailing Rate**" means the rate, as determined by the Calculation Agent in its sole and absolute discretion, for deposits in the Financing Level Currency in the inter-bank market with a maturity of either one month or overnight, as selected by the Calculation Agent in its sole and absolute discretion;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Reset Date**" means the Issue Date and thereafter (a) the 15th day of each calendar month, provided that if such day is not a Business Day the next following Business Day, or (b) each Business Day, at the determination of the Calculation Agent;

"**Securities**" means the Mini Short certificates relating to the Index and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of the Securities as set out below:

Underlying Mini Short Certificates [Series [ ]]

Entitlement:	[ ];
Index:	[ ];
Issue Date:	[ ];

Notional Dividend Amounts:	[applicable][inapplicable];
Stop Loss Price:	[ ];
Current Financing Level:	[ ];
Financing Level Currency:	[ ];
Settlement Currency:	[ ];
Minimum Premium:	[ ] %;
Maximum Premium:	[ ] %;
Maximum Spread:	[ ] %;
Current Spread:	[ ] %;
Current Stop Loss Premium Rate:	[ ] %;
ISIN:	[ ];
Valoren:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the [fifth] Business Day following the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date, as the case may be;

"**Stop Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the level of the Index (which shall be deemed to be a monetary value in the Financing Level Currency) is at any time on any Trading Day, from and including the Issue Date, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, greater than or equal to the Stop Loss Price;

"**Stop Loss Price**" means an amount calculated on each Stop Loss Reset Date (which shall be deemed to be a monetary value in the Financing Level Currency), subject to adjustment in accordance with Product Condition 4, determined by the Calculation Agent in its sole and absolute discretion, as:

(a) the Current Financing Level on the current Stop Loss Reset Date; minus

(b) the Current Stop Loss Premium on the current Stop Loss Reset Date.

The Stop Loss Price shall be rounded downwards to the next whole 10 Index Points. As used in this definition the term "**Index Points**" shall refer to the standard market quotation basis of the Index Sponsor with respect to the Index. The Stop Loss Price on the Issue Date shall be the amount specified as such in the definition of the relevant Series;

"**Stop Loss Reset Date**" means (a) the 15th day of each calendar month, provided that if such day is not a Business Day the next following Business Day or (b) each Business Day, at the determination of the Calculation Agent;

"**Stop Loss Termination Date**" means the first Trading Day on which the Stop Loss Event occurs;

"**Stop Loss Termination Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency), as determined by the Calculation Agent in its sole and absolute discretion on the Stop Loss Termination Valuation Date, equal to the fair value level of the Index, based on the levels of the Index during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Date**" means the last Trading Day during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Period**" means a reasonable period immediately following the Stop Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange or the Related Exchange (excluding for this purpose any period during which a Market Disruption Event is continuing), such period shall continue to such number of sequential next following Trading Days as shall be necessary, the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Termination Reference Price**" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the level of the Index at the Valuation Time on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Trading Day**" means any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

"Valuation Date" means the last Trading Day of • in each year, commencing from (and including) [• 200•], unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case

(a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the time with reference to which the Index Sponsor calculates the closing level of the Index, or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES.

(a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exerciseable by delivery of a Notice prior to the Exercise Time on an Exercise Date.

(b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date as the case may be.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Stop Loss Event, the Securities, in whole but not in part on any Business Day by giving Holders at least [one calendar years][three months] notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

(d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive, from the Issuer on the Settlement Date either:

(1) The Exercise Cash Amount, following a valid Exercise, or

(2) The Issuer Call Cash Amount, following a valid Issuer Call, or

(3) The Stop Loss Cash Amount, following a Stop Loss Event.

(4) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(5) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent nor any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(6) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

(e) A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(f) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(g) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(h) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(i) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

(j) Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

(k) The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(l) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any

acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" means: : (i) a general moratorium is declared in respect of banking activities in the country in which any Exchange or any Related Exchange is located or (ii) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise), (A) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below.

(i) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially

similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(ii) If: (A) on or prior to the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date as the case may be, the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and/or publish the Index; then (in either case) the Calculation Agent shall determine the Final Reference Price, the Stop Loss Termination Reference Price or the Termination Reference Price using, in lieu of a published level(s) for the Index on the Valuation Date, the Issuer Call Date or during the Stop Loss Termination Valuation Period, as the case may be, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or in the case of a material modification of the Index only, the Calculation Agent shall deem such modified Index to be the Index so calculated and announced or to terminate the Securities by giving notice in accordance with General Condition 4.

(iii) If, at any time, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor, has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor, pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account. (A) a distribution or dividend to existing holders of the Shares of: (i) Shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any

cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevnt issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (H) any other similar event having dilutive or concentrative effect on the theoretical value of the Shares.

(iv) The Issuer reserves the right to make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

(c) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 29: PRODUCT CONDITIONS RELATING TO CURRENT PRICE OF THE GOVERNMENT BOND FUTURES MINI LONG CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") and [•][each] acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Calculation Period**" means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula:

(a) Upon Exercise:

(Final Reference Price - Current Financing Level) x Entitlement, less Expenses (the "**Exercise Cash Amount**"); or

(b) Upon an Issuer Call:

(Termination Reference Price - Current Financing Level) x Entitlement, less Expenses (the "**Issuer Call Cash Amount**"); or

(c) Following a Stop Loss Event:

(Stop Loss Termination Reference Price - Current Financing Level) x Entitlement, less Expenses (the "**Stop Loss Cash Amount**"),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [●] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Current Financing Level**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

(a) the Current Financing Level on the previous Reset Date; plus

(b) Handling Cost; minus;

(c) if such determination is to be made on a Rollover Date, the corresponding Rollover Spread.

The Current Financing Level on the Issue Date is the level specified as such in the definition of the relevant Series;

"**Current Spread**" means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant. The Calculation Agent may adjust the Current Spread on each Reset Date, but in any event, the Current Spread will not exceed the "**Maximum Spread**" (as specified in the definition of the relevant Series) per annum (save to the extent that use of the specified Maximum Spread would produce a resultant calculation which is not consistent with the Issuer's quoting convention with respect to the Securities, in which case, the specified Maximum Spread may be exceeded as a result thereof). The Current Spread on the Issue Date is the spread specified as such in the definition of the relevant Series;

"**Current Stop Loss Premium**" means an amount in the Financing Level Currency as determined by the Calculation Agent on each Reset Date, in its sole and absolute discretion, and subject to adjustment in accordance with Product Condition 4, having regard to the current market conditions (including, without limitation, market volatility). The Current Stop Loss Premium shall (subject to any rounding) not be less than the "**Minimum Premium**" nor greater than the "**Maximum Premium**" (both as specified in the definition of the relevant Series) of the Current Financing Level, subject to adjustment in accordance with Product

Condition 4. The percentage used for calculating the Current Stop Loss Premium (the "**Current Stop Loss Premium Rate**") on the Issue Date is the rate specified as such in the definition of the relevant Series. The Current Stop Loss Premium shall be rounded to the nearest two decimal places in the Financing Level Currency, 0.005 being rounded upwards;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Exchange Rate**" means, where the Financing Level Currency is different to the Settlement Currency, the rate of exchange between the Financing Level Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means, subject to a Stop Loss Event, the third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

"**Exercise Time**" means [•];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the closing Reference Asset Price on the Exchange at the Valuation Time, adjusted for any reasonable market-making spreads , on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the closing Reference Asset Price on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Financing Level Currency**" means the currency specified as such in the definition of the relevant Series;

"**Handling Cost**" means, subject to adjustment in accordance with Product Condition 4, an amount, as determined on a daily basis by the Calculation Agent, equal to:

(a) Current Spread; multiplied by

(b) the Current Financing Level on the previous Reset Date; multiplied by

(c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by 360;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Issuer Call**" means termination of the Securities by the Issuer in accordance with Product Condition 3;

"**Issuer Call Commencement Date**" means the first Business Day following the six-month period from and including the Issue Date;

"**Issuer Call Date**" means the day specified as such in the notice delivered in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (a) the fifth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Termination Reference Price having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines to be relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Reference Asset**" means initially the Reference Asset as of the Issue Date specified as such in the definition of the relevant Series, and thereafter a financially equivalent reference asset

(the "**Substitute Asset**") selected by the Issuer. Five Trading Days prior to the last Trading Day of the Reference Asset (the "**Rollover Date**") the Issuer shall make its selection of the Substitute Asset and on such date the Issuer shall effect substitution of the Reference Asset for the Substitute Asset at the Rollover Spread and thereafter the Substitute Asset shall for all purposes be the Reference Asset; [in the Series specify as e.g., "**Futures contract on the •%, •-year German Government Bond for Delivery • 200•**"]

"**Reference Asset Price**" means the current price of the Reference Asset. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided by the applicable contract factor (the value of 1.0 future's point) specified on the applicable Bloomberg page referred to in the definition of the relevant Series, and if no such page reference exists, such other page reference as the Calculation Agent determines;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded;

"**Reset Date**" means the Issue Date and thereafter (i) the [•] day of each calendar month, provided that if such day is not a Business Day the next following Business Day, or (ii) each Business Day; or (iii) the Business Day following any Rollover Date if such Rollover Date falls during the scheduled month for delivery of the Reference Asset; all as determined by the Calculation Agent;

"**Rollover Spread**" means the fair value spread calculated as the price determined by the Issuer for liquidating its related hedging arrangements for the Reference Asset minus the price determined by the Issuer for establishing its related hedging arrangements for the Substitute Asset during the substitution of the Reference Asset for the Substitute Asset by reference to liquidity in the Reference Asset and the Substitute Asset. The Rollover Spread may be a negative number;

"**Securities**" means the Mini Long certificates relating to the current price of the futures contracts over the specified Government bonds and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of the Securities as set out below:

[insert series Government Bond Futures OE]

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the fifth Business Day following the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date, as the case may be;

"**Stop Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the Reference Asset Price (which shall be deemed to be a monetary value in the Financing Level Currency) on the Exchange at any time on any Trading Day, from and including the Issue Date, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, is less than or equal to the Stop Loss Price;

"**Stop Loss Price**" means an amount calculated on each Reset Date (which shall be deemed to be a monetary value in the Financing Level Currency), subject to adjustment in accordance with Product Condition 4, determined by the Calculation Agent in its sole and absolute discretion, as:

(a) the Current Financing Level; plus

(b) the Current Stop Loss Premium.

The Stop Loss Price shall be rounded up to the next one decimal place (with 0.05 being rounded upwards) of the Financing Level Currency. The Stop Loss Price on the Issue Date shall be the amount specified as such in the definition of the relevant Series;

"**Stop Loss Termination Date**" means the first Trading Day on which the Stop Loss Event occurs;

"**Stop Loss Termination Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency), as determined by the Calculation Agent in its sole and absolute discretion on the Stop Loss Termination Valuation Date, equal to the fair value of the Reference Asset Price, based on the Reference Asset Prices on the Exchange during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Date**" means the last Trading Day during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Period**" means a reasonable period following the Stop Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange (excluding for this purpose any period during which a Market Disruption Event is continuing), such period shall continue to such number of sequential next following Trading Days as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"Termination Reference Price" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the Reference Asset Price on the Exchange at

the Valuation Time, adjusted for any reasonable market-making spreads, on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"Trading Day" means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

"Valuation Date" means the last Trading Day of • in each year, commencing from (and including) [• 200•], unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the official close of trading on the Exchange, or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity

of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES.

(a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exerciseable by delivery of a Notice prior to the Exercise Time on an Exercise Date.

(b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date, as the case may be.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Stop Loss Event, the Securities, in whole but not in part on any Business Day by giving Holders at least one calendar year notice of its intention to terminate the Securities such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

(d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive, from the Issuer on the Settlement Date either:

(1) The Exercise Cash Amount, following a valid Exercise, or

(2) The Issuer Call Cash Amount, following a valid Issuer Call, or

(3) The Stop Loss Cash Amount, following a Stop Loss Event.

(4) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(5) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent nor any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(6) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

(e) A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(7) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(8) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(9) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(f) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

(g) Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of

gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(h) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A "**Market Disruption Event**" means:

(a) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange on the Valuation Date, the Issuer Call Date or during the Stop Loss Termination Valuation Period; or

(b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or

(c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Reference Asset on the Exchange; or

(d) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the Reference Asset Price; or

(e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Reference Asset Price; or

(f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Reference Asset is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or, a material reduction in, trading in the Reference Asset on the Exchange; or

(g) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Reference Asset Price on the Valuation Date and/or on each of the three Trading Days following the Valuation Date and/or the Issuer Call Date and/or during the Stop Loss Termination Valuation Period during the Stop Loss Termination Valuation Period from what it would have been without that imposition, change or removal; or

(h) Trading Limitation. The material limitation imposed on trading in the Reference Asset with respect to it or any contract with respect thereto on any exchange or principal trading market; or

(i) Governmental Default. If with respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (i) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (ii) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (iii) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

(j) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives this Issuer (or any of its

Affiliates), of all or substantially all of its asset in the country of the Governmental Authority; or

(k) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

For this purpose a "**Governmental Authority**" is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country to which the Reference Asset is in fact referenced.

The Calculation Agent may make such adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 30: PRODUCT CONDITIONS
RELATING TO CURRENT PRICE OF THE GOVERNMENT BOND MINI SHORT CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") and [●] [each] acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Calculation Period**" means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula:

(a) Upon Exercise:

(Current Financing Level – Final Reference Price) x Entitlement, less Expenses (the "**Exercise Cash Amount**"); or

(b) Upon an Issuer Call:

(Current Financing Level – Termination Reference Price) x Entitlement, less Expenses (the "**Issuer Call Cash Amount**"); or

(c) Following a Stop Loss Event:

(Current Financing Level – Stop Loss Termination Reference Price) x Entitlement, less Expenses (the "**Stop Loss Cash Amount**"),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [•], and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Current Financing Level**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

(a) the Current Financing Level on the previous Reset Date; minus

(b) Handling Cost; minus;

(c) if such determination is to be made on a Rollover Date, the corresponding Rollover Spread.

The Current Financing Level on the Issue Date is the level specified as such in the definition of the relevant Series;

"**Current Spread**" means a per annum percentage rate as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant. The Calculation Agent may adjust the Current Spread on each Reset Date, but in any event, the Current Spread will not exceed the "**Maximum Spread**" (as specified in the definition of the relevant Series) per annum (save to the extent that use of the specified Maximum Spread would produce a resultant calculation which is not consistent with the Issuer's quoting convention with respect to the Securities, in which case, the specified Maximum Spread may be exceeded as a result thereof). The Current Spread on the Issue Date is the spread specified as such in the definition of the relevant Series;

"**Current Stop Loss Premium**" means an amount in the Financing Level Currency as determined by the Calculation Agent on each Reset Date, in its sole and absolute discretion, and subject to adjustment in accordance with Product Condition 4, having regard to the current market conditions (including, without limitation, market volatility). The Current Stop Loss Premium shall (subject to any rounding) not be less than the "**Minimum Premium**" nor greater than the "**Maximum Premium**" (both as specified in the definition of the relevant Series) of the Current Financing Level, subject to adjustment in accordance with Product Condition 4. The percentage used for calculating the Current Stop Loss Premium (the "**Current Stop Loss Premium Rate**") on the Issue Date is the rate specified as such in the

definition of the relevant Series. The Current Stop Loss Premium shall be rounded to the nearest two decimal places in the Financing Level Currency, 0.005 being rounded upwards;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Exchange Rate**" means, where the Financing Level Currency is different to the Settlement Currency, the rate of exchange between the Financing Level Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means, subject to a Stop Loss Event, the third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

"**Exercise Time**" means [•];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the closing Reference Asset Price on the Exchange at the Valuation Time, adjusted for any reasonable market-making spreads, on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the closing Reference Asset Price on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Financing Level Currency**" means the currency specified as such in the definition of the relevant Series;

"**Handling Cost**" means, subject to adjustment in accordance with Product Condition 4, an amount, as determined on a daily basis by the Calculation Agent, equal to:

(a) Current Spread; multiplied by

(b) the Current Financing Level on the previous Reset Date; multiplied by

(c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by 360.

The Handling Cost may be a negative number;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Issuer Call**" means termination of the Securities by the Issuer in accordance with Product Condition 3;

"**Issuer Call Commencement Dat**e" means the first Business Day following the six-month period from and including the Issue Date;

"**Issuer Call Date**" means the day specified as such in the notice delivered in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (a) the fifth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Termination Reference Price having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines to be relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Reference Asset**" means, initially the Reference Asset as of the Issue Date specified as such in the definition of the relevant Series, and thereafter a financially equivalent reference asset (the "**Substitute Asset**") selected by the Issuer. Five Trading Days prior to the last Trading

Day of the Reference Asset (the "**Rollover Date**") the Issuer shall make its selection of the Substitute Asset and on such date the Issuer shall effect substitution of the Reference Asset for the Substitute Asset at the Rollover Spread and thereafter the Substitute Asset shall for all purposes be the Reference Asset; [in the Series specify as e.g., "**Futures contract on the •%, •-year German Government Bond for Delivery • 200•**"]

"**Reference Asset Price**" means the current price of the Reference Asset. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided by the applicable contract factor (the value of 1.0 future's point) specified on the applicable Bloomberg page referred to in the definition of the relevant Series, and if no such page reference exists, such other page reference as the Calculation Agent determines;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded;

"**Reset Date**" means the Issue Date and thereafter (a) the [•] day of each calendar month, provided that if such day is not a Business Day the next following Business Day, or (b) each Business Day; or (c) the Business Day following any Rollover Date if such Rollover Date falls during the scheduled month for delivery of the Reference Asset, all as determined by the Calculation Agent;

"**Rollover Spread**" means the fair value spread calculated as the price determined by the Issuer for liquidating its related hedging arrangements for the Reference Asset minus the price determined by the Issuer for establishing its related hedging arrangements for the Substitute Asset during the substitution of the Reference Asset for the Substitute Asset by reference to liquidity in the Reference Asset and the Substitute Asset. The Rollover Spread may be a negative number;

"**Securities**" means the Mini Short certificates relating to the current price of the futures contracts over the specified Government bonds and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of the Securities as set out below:

[insert series Government Bond Futures OE]

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the fifth Business Day following the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date, as the case may be;

"**Stop Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the Reference Asset Price (which shall be deemed to be a monetary value in the Financing Level Currency) at any time on any Trading Day, from and including the Issue Date, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, is greater than or equal to the Stop Loss Price;

"**Stop Loss Price**" means an amount calculated on each Reset Date (which shall be deemed to be a monetary value in the Financing Level Currency), subject to adjustment in accordance with Product Condition 4, determined by the Calculation Agent in its sole and absolute discretion, as:

(a) the Current Financing Level; minus

(b) the Current Stop Loss Premium.

The Stop Loss Price shall be rounded down to the next one decimal place (with 0.05 being rounded downwards) of the Financing Level Currency. The Stop Loss Price on the Issue Date shall be the amount specified as such in the definition of the relevant Series;

"**Stop Loss Termination Date**" means the first Trading Day on which the Stop Loss Event occurs;

"**Stop Loss Termination Reference Price**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency), as determined by the Calculation Agent in its sole and absolute discretion on the Stop Loss Termination Valuation Date, equal to the fair value of the Reference Asset Price, based on the Reference Asset Prices on the Exchange during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Date**" means the last Trading Day during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Period**" means a reasonable period following the Stop Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange (excluding for this purpose any period during which a Market Disruption Event is continuing), such period shall continue to such number of sequential next following Trading Days as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Termination Reference Price**" means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the Reference Asset Price on the Exchange at

the Valuation Time, adjusted for any reasonable market-making spreads, on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Trading Day"** means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

"Valuation Date" means the last Trading Day of • in each year, commencing from (and including) [• 200•], unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the official close of trading on the Exchange, or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity

of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES.

(a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exerciseable by delivery of a Notice prior to the Exercise Time on an Exercise Date.

(b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date as the case may be.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Stop Loss Event, the Securities, in whole but not in part on any Business Day by giving Holders at least [one][two] calendar years notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

(d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive, from the Issuer on the Settlement Date either:

(1) The Exercise Cash Amount, following a valid Exercise, or

(2) The Issuer Call Cash Amount, following a valid Issuer Call, or

(3) The Stop Loss Cash Amount, following a Stop Loss Event.

(4) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(5) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent nor any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(6) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

(e) A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(f) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(g) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(h) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(i) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

(j) Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

(k) The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be

taken by it in connection with such determination or the notification of such determination to a Holder.

(l) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(m) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A "**Market Disruption Event**" means:

(a) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange on the Valuation Date, the Issuer Call Date or during the Stop Loss Termination Valuation Period; or

(b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or

(c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Reference Asset on the Exchange; or

(d) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the Reference Asset Price; or

(e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Reference Asset Price; or

(f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Reference Asset is such that the Issuer declares that its ability to enter into

hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or, a material reduction in, trading in the Reference Asset on the Exchange; or

(g) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Reference Asset Price on the Valuation Date and/or on each of the three Trading Days following the Valuation Date and/or the Issuer Call Date and/or during the Stop Loss Termination Valuation Period during the Stop Loss Termination Valuation Period from what it would have been without that imposition, change or removal; or

(h) Trading Limitation. The material limitation imposed on trading in the Reference Asset with respect to it or any contract with respect thereto on any exchange or principal trading market; or

(i) Governmental Default. If with respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (i) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (ii) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (iii) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

(j) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives this Issuer (or any of its Affiliates), of all or substantially all of its asset in the country of the Governmental Authority; or

(k) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

For this purpose a "**Governmental Authority**" is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country to which the Reference Asset is in fact referenced.

The Calculation Agent may make such adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 31: PRODUCT CONDITIONS RELATING TO SINGLE STOCK MINI LONG CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] ABN AMRO Bank N.V., London branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") and [•] [each] acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Calculation Period**" means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula:

(a) Upon Exercise:

(Final Reference Price – Current Financing Level) x Entitlement, less Expenses (the "**Exercise Cash Amount**"); or

(b) Upon an Issuer Call:

(Termination Reference Price – Current Financing Level) x Entitlement, less Expenses (the "**Issuer Call Cash Amount**"); or

(c) Following a Stop Loss Event:

(Stop Loss Termination Reference Price – Current Financing Level) x Entitlement, less Expenses (the "**Stop Loss Cash Amount**"),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate

is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [•], and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Current Financing Level**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

(a) the Current Financing Level on the previous Reset Date; plus

(b) Funding Cost; and minus

(c) Notional Dividend Amounts.

The Current Financing Level on the Issue Date is the level specified as such in the definition of the relevant Series;

"**Current Spread**" means a per annum percentage rate as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant. The Calculation Agent may adjust the Current Spread on each Reset Date, but in any event, the Current Spread will not exceed the "**Maximum Spread**" (as specified in the definition of the relevant Series) per annum. The Current Spread on the Issue Date is the spread specified as such in the definition of the relevant Series;

"**Current Stop Loss Premium**" means an amount in the Financing Level Currency as determined by the Calculation Agent on each Reset Date, in its sole and absolute discretion, and subject to adjustment in accordance with Product Condition 4, having regard to the current market conditions (including, without limitation, market volatility). The Current Stop Loss Premium shall not be less than the "**Minimum Premium**" nor greater than the "**Maximum Premium**" (both as specified in the definition of the relevant Series) of the Current Financing Level, subject to adjustment in accordance with Product Condition 4. The percentage used for calculating the Current Stop Loss Premium (the "**Current Stop Loss Premium Rate**") on the Issue Date is the rate specified as such in the definition of the relevant Series;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Exchange Rate**" means, where the Financing Level Currency is different to the Settlement Currency, the rate of exchange between the Financing Level Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means, subject to a Stop Loss Event, the third Business Day preceding the scheduled Valuation Date,;

"**Exercise Time**" means [•];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount equal to the price of the Share on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Financing Level Currency**" means the currency specified as such in the definition of the relevant Series;

"**Funding Cost**" means, subject to adjustment in accordance with Product Condition 4, an amount, as determined by the Calculation Agent, equal to:

(a) Prevailing Rate plus Current Spread; multiplied by

(b) the Current Financing Level on the previous Reset Date; multiplied by

(c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by 360;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V., incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Issuer Call**" means termination of the Securities by the Issuer in accordance with Product Condition 3;

"**Issuer Call Commencement Date**" means the first Business Day following the six month period from and including the Issue Date;

"**Issuer Call Date**" means the day specified as such in the notice delivered in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (a) the fifth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Termination Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Notional Dividend Amount**" means an amount, as determined by the Calculation Agent, equal to the cash dividends and/or other cash distributions in respect of the Share which have an ex-dividend date occurring during the Notional Dividend Period net of applicable withholding taxes at a rate adjusted by application of the United Kingdom tax treaty without regard to any tax credits, and less any Expenses;

"**Notional Dividend Period**" means each period from (but excluding) the Issue Date to (and including) the earlier of the next following Reset Date, Issuer Call Date or the Stop Loss Termination Date and thereafter from (but excluding) the Reset Date to (and including) the earlier of the next following Reset Date, the Issuer Call Date or the Stop Loss Termination Date;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Prevailing Rate**" means the rate, as determined by the Calculation Agent in its sole and absolute discretion, for deposits in the Financing Level Currency in the inter-bank market with a maturity of either one month or overnight, as selected by the Calculation Agent in its sole and absolute discretion;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Share are traded;

"**Reset Date**" means the Issue Date and thereafter (a) the 15th day of each calendar month, provided that if such day is not a Business Day the next following Business Day, or (b) each Business Day, at the determination of the Calculation Agent;

"**Securities**" means the Mini Long certificates relating to the Share and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of Securities as set out below:

[Underlying] Mini Long Certificates [Series [ ]]

Current Financing Level:	[ ];
Current Spread:	[ ] %;
Current Stop Loss Premium Rate:	[ ] %;
Entitlement:	[ ];
Exchange:	[ ];
Financing Level Currency:	[ ];
Issue Date:	[ ];
Maximum Premium:	[ ];
Maximum Spread:	[ ] %;
Minimum Premium:	[ ] %;
Settlement Currency:	[ ];
Share:	[ ];
Share Company:	[ ];
Stop Loss Price:	[ ];
ISIN:	[ ];
Valoren:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the [fifth] Business Day following the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date, as the case may be;

"**Share**" means the share specified as such in the definition of the relevant Series, subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Company**" means the share company specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Stop Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the price of the Share on the Exchange is at any time on any Trading Day other than a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, less than or equal to the Stop Loss Price;

"**Stop Loss Price**" means an amount calculated on each Stop Loss Reset Date (which shall be deemed to be a monetary value in the Financing Level Currency), subject to adjustment in accordance with Product Condition 4, determined by the Calculation Agent in its sole and absolute discretion, as:

(a) the Current Financing Level on the current Stop Loss Reset Date; plus

(b) the Current Stop Loss Premium on the current Stop Loss Reset Date.

The Stop Loss Price shall be rounded upwards to the next 0.1 unit of the Financing Level Currency. The Stop Loss Price on the Issue Date shall be the amount specified as such in the definition of the relevant Series;

"**Stop Loss Reset Date**" means (a) the [•] day of each calendar month, provided that if such day is not a Business Day the next following Business Day or (b) each Business Day, at the determination of the Calculation Agent;

"**Stop Loss Termination Date**" means the first Trading Day on which the Stop Loss Event occurs;

"**Stop Loss Termination Reference Price**" means, subject to any adjustment in accordance with Product Condition 4, an amount, as determined by the Calculation Agent in its sole and absolute discretion on the Stop Loss Termination Valuation Date, equal to the fair value price of the Share, based on the prices of the Share on the Exchange during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Date**" means the last Trading Day during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Period**" means a reasonable period immediately following the Stop Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange or the Related Exchange (excluding for this purpose any period during which a Market Disruption Event is continuing), such period shall continue to such number of sequential next following Trading Days (up to the Valuation Time on the Valuation Date) as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Termination Reference Price**" means an amount equal to the price of the Share at the Valuation Time on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Trading Day**" means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the last Trading Day of • in each year, commencing from (and including) [• 200•] unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means close of trading on the relevant Exchange in relation to a Share or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exerciseable by delivery of a Notice prior to the Exercise Time on an Exercise Date.

(b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date as the case may be.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Stop Loss Event, the Securities, in whole but not in part on any Business Day by giving Holders

at least [one calendar years][three months] notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

(d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive from the Issuer on the Settlement Date either:

(i) The Exercise Cash Amount, following a valid Exercise, or

(ii) The Issuer Call Cash Amount, following a valid Issuer Call, or

(iii) The Stop Loss Cash Amount, following a Stop Loss Event.

(e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(g) Notice. All payments shall be subject to the delivery of a duly completed notic***e*** (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

(h) A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein**, "U.S. person"** means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(i) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(j) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(k) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out

below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(l) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(m) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(n) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" means:

(1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption of impairment in the ability of market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives

contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (i) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (ii) a distribution or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (iii) an extraordinary dividend; (iv) a

distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (v) a call by the Share Company in respect of relevant Shares that are not fully paid; (vi) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to fully account for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any

Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchanges on which the Shares are listed (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (i) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (iii) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date, Issuer Call Date or Stop Loss Termination Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of that Share Company become legally prohibited from transferring them.

(d) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 32: PRODUCT CONDITIONS RELATING TO SINGLE STOCK MINI SHORT CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] ABN AMRO Bank N.V., London branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") and [•], [each] acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Calculation Period**" means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula:

(a) Upon Exercise:

(Current Financing Level – Final Reference Price) x Entitlement, less Expenses (the "**Exercise Cash Amount**"); or

(b) Upon an Issuer Call:

(Current Financing Level – Termination Reference Price) x Entitlement, less Expenses (the "**Issuer Call Cash Amount**"); or

(c) Following a Stop Loss Event:

(Current Financing Level – Stop Loss Termination Reference Price) x Entitlement, less Expenses (the "**Stop Loss Cash Amount**"),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate

is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [•] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Current Financing Level**" means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

(a) the Current Financing Level on the previous Reset Date; plus

(b) Funding Cost; and minus

(c) Notional Dividend Amounts.

The Current Financing Level on the Issue Date is the level specified as such in the definition of the relevant Series;

"**Current Spread**" means a per annum percentage rate as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant. The Calculation Agent may adjust the Current Spread on each Reset Date, but in any event, the Current Spread will not exceed the "**Maximum Spread**" (as specified in the definition of the relevant Series) per annum. The Current Spread on the Issue Date is the spread specified as such in the definition of the relevant Series;

"**Current Stop Loss Premium**" means an amount in the Financing Level Currency as determined by the Calculation Agent on each Reset Date, in its sole and absolute discretion, and subject to adjustment in accordance with Product Condition 4, having regard to the current market conditions (including, without limitation, market volatility). The Current Stop Loss Premium shall not be less than the "**Minimum Premium**" nor greater than the "**Maximum Premium**" (both as specified in the definition of the relevant Series) of the Current Financing Level, subject to adjustment in accordance with Product Condition 4. The percentage used for calculating the Current Stop Loss Premium (the "**Current Stop Loss Premium Rate**") on the Issue Date is the rate specified as such in the definition of the relevant Series;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Exchange Rate**" means, where the Financing Level Currency is different to the Settlement Currency, the rate of exchange between the Financing Level Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means, subject to a Stop Loss Event, the third Business Day preceding the scheduled Valuation Date,;

"**Exercise Time**" means [•];

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount equal to the price of the Share on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Financing Level Currency**" means the currency specified as such in the definition of the relevant Series;

"**Funding Cost**" means, subject to adjustment in accordance with Product Condition 4, an amount, as determined by the Calculation Agent, equal to:

(a) Prevailing Rate minus Current Spread; multiplied by

(b) the Current Financing Level on the previous Reset Date; multiplied by

(c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by 360;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V., incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Issuer Call**" means termination of the Securities by the Issuer in accordance with Product Condition 3;

"**Issuer Call Commencement Date**" means the first Business Day following the six month period from and including the Issue Date;

"**Issuer Call Date**" means the day specified as such in the notice delivered in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (a) the fifth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Termination Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Notional Dividend Amount**" means an amount, as determined by the Calculation Agent, equal to the cash dividends and/or other cash distributions in respect of the Share which have an ex-dividend date occurring during the Notional Dividend Period net of applicable withholding taxes at a rate adjusted by application of the United Kingdom tax treaty without regard to any tax credits, and less any Expenses;

"**Notional Dividend Period**" means each period from (but excluding) the Issue Date to (and including) the earlier of the next following Reset Date, Issuer Call Date or the Stop Loss Termination Date and thereafter from (but excluding) the Reset Date to (and including) the earlier of the next following Reset Date, the Issuer Call Date or the Stop Loss Termination Date;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Prevailing Rate**" means the rate, as determined by the Calculation Agent in its sole and absolute discretion, for deposits in the Financing Level Currency in the inter-bank market with a maturity of either one month or overnight, as selected by the Calculation Agent in its sole and absolute discretion;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Share are traded;

"**Reset Date**" means the Issue Date and thereafter (a) the 15th day of each calendar month, provided that if such day is not a Business Day the next following Business Day, or (b) each Business Day, at the determination of the Calculation Agent;

"**Securities**" means the Mini Short certificates relating to the Share and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of Securities as set out below:

[Underlying] Mini Short Certificates [Series [ ]]

Current Financing Level:	[ ];
Current Spread:	[ ] %;
Current Stop Loss Premium Rate:	[ ] %;
Entitlement:	[ ];
Exchange:	[ ];
Financing Level Currency:	[ ];
Issue Date:	[ ];
Maximum Premium:	[ ];
Maximum Spread:	[ ] %;
Minimum Premium:	[ ] %;
Settlement Currency:	[ ];
Share:	[ ];
Share Company:	[ ];
Stop Loss Price:	[ ];
ISIN:	[ ];
Valoren:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the [fifth] Business Day following the Valuation Date, the Stop Loss Termination Valuation Date or the Issuer Call Date, as the case may be;

"**Share**" means the share specified as such in the definition of the relevant Series, subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Company**" means the share company specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Stop Loss Event**" means that, subject to any adjustment in accordance with Product Condition 4, the price of the Share on the Exchange is at any time on any Trading Day other than a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, greater than or equal to the Stop Loss Price;

"**Stop Loss Price**" means an amount calculated on each Stop Loss Reset Date (which shall be deemed to be a monetary value in the Financing Level Currency), subject to adjustment in accordance with Product Condition 4, determined by the Calculation Agent in its sole and absolute discretion, as:

(a) the Current Financing Level on the current Stop Loss Reset Date; minus

(b) the Current Stop Loss Premium on the current Stop Loss Reset Date.

The Stop Loss Price shall be rounded downwards to the next 0.1 unit of the Financing Level Currency. The Stop Loss Price on the Issue Date shall be the amount specified as such in the definition of the relevant Series;

"**Stop Loss Reset Date**" means (a) the [•] day of each calendar month, provided that if such day is not a Business Day the next following Business Day or (b) each Business Day, at the determination of the Calculation Agent;

"**Stop Loss Termination Date**" means the first Trading Day on which the Stop Loss Event occurs;

"**Stop Loss Termination Reference Price**" means, subject to any adjustment in accordance with Product Condition 4, an amount, as determined by the Calculation Agent in its sole and absolute discretion on the Stop Loss Termination Valuation Date, equal to the fair value price of the Share, based on the prices of the Share on the Exchange during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Date**" means the last Trading Day during the Stop Loss Termination Valuation Period;

"**Stop Loss Termination Valuation Period**" means a reasonable period immediately following the Stop Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than 3 hours (and excluding for this purpose any period during which a Market Disruption Event is continuing). If the Stop Loss Event occurs less than 3 hours prior to the official close of trading on the Exchange or the Related Exchange (excluding for this purpose any period during which a Market Disruption Event is continuing), such period shall continue to such number of sequential next following Trading Days (up to the Valuation Time on the Valuation Date) as shall be necessary for the total number of such hours to be not more than 3 as determined by the Calculation Agent in its sole and absolute discretion;

"**Termination Reference Price**" means an amount equal to the price of the Share at the Valuation Time on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

"**Trading Day**" means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the last Trading Day of • in each year, commencing from (and including) [• 200•] unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means close of trading on the relevant Exchange in relation to a Share or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exerciseable by delivery of a Notice prior to the Exercise Time on an Exercise Date.

(b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date as the case may be.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Stop Loss Event, the Securities, in whole but not in part on any Business Day by giving Holders

at least [one calendar years][three months][3] notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

(d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive from the Issuer on the Settlement Date either:

(1) The Exercise Cash Amount, following a valid Exercise, or

(2) The Issuer Call Cash Amount, following a valid Issuer Call, or

(3) The Stop Loss Cash Amount, following a Stop Loss Event.

(e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(g) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

(h) A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(i) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(j) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(k) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out

below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(l) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(m) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(n) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" means:

(i) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption of impairment in the ability of market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives

contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(ii) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(ii) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (i) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (ii) a distribution or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (iii) an extraordinary dividend; (iv) a

distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (v) a call by the Share Company in respect of relevant Shares that are not fully paid; (vi) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

(i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(ii) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to fully account for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(iii) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchanges on which the Shares are listed (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (i) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (iii) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the

offeror), in each case if the Merger Date is on or before the Valuation Date, Issuer Call Date or Stop Loss Termination Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of that Share Company become legally prohibited from transferring them.

(d) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 33: PRODUCT CONDITIONS RELATING TO COMMODITY CASH SETTLED [EUROPEAN][AMERICAN] [CALL][PUT] WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of]ABN AMRO Bank N.V., London branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") [•] [each] acting through its specified office and [together]the "**Agents**", which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

In respect of Call Warrants: (Final Reference Price – Strike Price) x Entitlement

In respect of Put Warrants: (Strike Price – Final Reference Price) x Entitlement

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is specified, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [•] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Commodity**" means the commodity specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or the quotation system specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Exchange Rate**" means, where the Strike Currency is different to the Settlement Currency, the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means [the Expiration Date] [any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3];

["**Exercise Period**" means the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;]

"**Exercise Time**" means [12.00pm CET];

"**Expiration Date**" means the date specified as such in the definition of the relevant Series;

"**Expenses**" means all taxes, duties, and/or expenses, including all applicable depositary, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount equal to the bid-price of the Commodity quoted on Reuters page [XAUFIX=] [XPTFIX=] [XAGFIX=] at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the bid-price of the Commodity on such date having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines relevant;

"**Issue Date**" means the date specified in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Minimum Exercise Number**" means the number specified as such in the definition of the relevant Series;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Commodity are traded;

"**Securities**" means cash settled [European][American] [call][put] warrants relating to the Commodity and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of Securities as set out below:

[underlying] [European][American] [call][put] warrants [Series [ ]]

Commodity:	[ ];
Entitlement:	[ ];
Exchange:	[ ];
Expiration Date:	[ ];
Issue Date:	[ ];
Minimum Exercise Number:	[ ];
Settlement Currency:	[ ];
Strike Currency:	[ ];
Strike Price:	[ ];
Warrant Type:	[Call][Put] Warrants;
ISIN:	[ ];
Valoren:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the [fifth] Business Day following the Valuation Date;

"**Strike Currency**" means the currency specified as such in the definition of the relevant Series;

"**Strike Price**" means the price specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

"Trading Day" means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the time of the London [morning] [daily] [•]fixing price for the Commodity or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

"**Warrant Type**" means either Call Warrants or Put Warrants, as specified in the definition of the relevant Series.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent

as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Holder may exercise the Securities subject to the Minimum Exercise Number and integral multiples thereafter. The Securities are [only] exercisable on [the][any] Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Expiration Date shall be deemed to be automatically exercised if (in the case of Call Warrants) the Final Reference Price is more than the Strike Price and (in the case of Put Warrants) the Strike Price is more than the Final Reference Price. [If an Exercise Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.]

(b) Cash Settlement. Each Security upon due or deemed exercise and subject to Certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.

(c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(e) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such notice in any applicable administrative or legal proceedings.

(f) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(g) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(h) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(i) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

(j) Any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

(k) The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(l) Delivery of a Notice. Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.

(m) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither

the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A "**Market Disruption Event**" means:

(a) Price Source Disruption. The failure by the Exchange to announce or publish the price for the Commodity (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or

(b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or

(c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Commodity on the Exchange; or

(d) Material Change in nature of or pricing method. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the price of the Commodity; or

(e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Commodity; or

(f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Commodity is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or, a material reduction in, trading in the Commodity on the Exchange; or

(g) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date and/or on each of the three Trading Days following the Valuation Date and/or during the Stop Loss Termination Valuation Period from what it would have been without that imposition, change or removal; or

(h) Trading Limitation. The material limitation imposed on trading in the Commodity with respect to it or any contract with respect thereto on any exchange or principal trading market; or

(i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

(j) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 34: PRODUCT CONDITIONS RELATING TO COMMODITY FUTURE CASH SETTLED [EUROPEAN][AMERICAN] [CALL][PUT] WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of]ABN AMRO Bank N.V., London branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") [•][each] acting through its specified office and [together]the "**Agents**", which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

In respect of Call Warrants: (Final Reference Price – Strike Price) x Entitlement

In respect of Put Warrants: (Strike Price – Final Reference Price) x Entitlement

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is specified, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [•] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Commodity**" means the commodity specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Commodity Price**" means the current price of the Commodity. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided by the

applicable contract factor (the value of 1.0 future's point) specified on the applicable Bloomberg page referred to in the definition of the relevant Series, and if no such page reference exists, such other page reference as the Calculation Agent determines;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or the quotation system specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Exchange Rate**" means, where the Strike Currency is different to the Settlement Currency, the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means [the Expiration Date] [any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3];

["**Exercise Period**" means the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;]

"**Exercise Time**" means [12.00pm CET];

"**Expiration Date**" means the date specified as such in the definition of the relevant Series;

"**Expenses**" means all taxes, duties, and/or expenses, including all applicable depositary, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount (which shall be deemed to be a monetary value in the Strike Currency) equal to the [ask] Commodity Price quoted on the Exchange at the Valuation Time on the Valuation Date, adjusted for any reasonable market making spreads, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the [ask] price of the Commodity on such date having regard to the then prevailing market conditions, the last

reported trading price of the Commodity and such other factors as the Calculation Agent determines relevant;

"**Issue Date**" means the date specified in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Minimum Exercise Number**" means the number specified as such in the definition of the relevant Series;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Commodity are traded;

"**Securities**" means cash settled [European][American] [call][put] warrants relating to the Commodity and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of Securities as set out below:

[underlying] [European][American] [call][put] warrants [Series [ ]]

Commodity:	[ ];
Entitlement:	[ ];
Exchange:	[ ];
Expiration Date:	[ ];
Issue Date:	[ ];
Minimum Exercise Number:	[ ];
Settlement Currency:	[ ];
Strike Currency:	[ ];
Strike Price:	[ ];
Warrant Type:	[Call][Put] Warrants;

ISIN: [ ];

Valoren: [ ];

Symbol: [ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the [fifth] Business Day following the Valuation Date;

"**Strike Currency**" means the currency specified as such in the definition of the relevant Series;

"**Strike Price**" means the price specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

"Trading Day" means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported Commodity Price on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the close of trading on the Exchange, or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

"**Warrant Type**" means either Call Warrants or Put Warrants, as specified in the definition of the relevant Series.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the The Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Holder may exercise the Securities subject to the Minimum Exercise Number and integral multiples thereafter. The Securities are [only] exercisable on [the][any] Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Expiration Date shall be deemed to be automatically exercised if (in the case of Call Warrants) the Final Reference Price is more than the Strike Price and (in the case of Put Warrants) the Strike Price is more than the Final Reference Price. [If an Exercise Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period it shall be deemed

to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.]

(b) Cash Settlement. Each Security upon due or deemed exercise and subject to Certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.

(c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(e) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has

its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such notice in any applicable administrative or legal proceedings.

(f) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(g) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(h) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

(i) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

(j) Any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

(k) The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(l) Delivery of a Notice. Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.

(m) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A "**Market Disruption Event**" means:

(a) Price Source Disruption. The failure by the Exchange to announce or publish the price for the Commodity (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or

(b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or

(c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Commodity on the Exchange; or

(d) Material Change in nature of or pricing method. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the price of the Commodity; or

(e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Commodity; or

(f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Commodity is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or, a material reduction in, trading in the Commodity on the Exchange; or

(g) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date and/or on each of the three Trading Days following the Valuation Date and/or during the Stop Loss Termination Valuation Period from what it would have been without that imposition, change or removal; or

(h) Trading Limitation. The material limitation imposed on trading in the Commodity with respect to it or any contract with respect thereto on any exchange or principal trading market; or

(i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

(j) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS 35: PRODUCT CONDITIONS RELATING TO CURRENCY WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] ABN AMRO Bank N.V., London branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") and [●] [each] acting through its specified office and together the "**Agents**", which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Automatic Exercise**" is either applicable or not applicable specified as such in the definition of the relevant Series;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call under Warrant Type in the definition of the relevant Series:

(Final Reference Price – Strike Price) x Entitlement

If the Securities are specified as Put under Warrant Type in the definition of the relevant Series:

(Strike Price – Final Reference Price) x Entitlement

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [●] and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

"**Exchange Rate**" means, where the Strike Currency is different to the Settlement Currency, the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise**" means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

"**Exercise Date**" means, if the Securities are specified as European under Warrant Style in the definition of the relevant Series, the Expiration Date or, if the Securities are specified as American under Warrant Style in the definition of the relevant Series, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

"**Exercise Period**" means, if the Securities are specified as American under Warrant Style in the definition of the relevant Series, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

"**Exercise Time**" means [12.00pm CET];

"**Expiration Date**" means the date specified as such in the definition of the relevant Series;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depositary, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount equal to the price of the Underlying FX Rate [at ECB Fixing on Reuters page ECB37] [quoted on [Reuters Page EUROFX/1]] at the Valuation Time on the Valuation Date, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Underlying FX Rate on such date having regard to the then prevailing market conditions, the last reported trading price of the Underlying FX Rate and such other factors as the Calculation Agent determines relevant;

"**Integral Multiple**" means the number specified as such in the definition of the relevant Series;

"**Issue Date**" means the date specified in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Maximum Exercise Number**" means, is specified, the number specified as such in the definition of the relevant Series;

"**Minimum Exercise Number**" means, if specified, the number specified as such in the definition of the relevant Series;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET) System is open;

"**Securities**" means warrants relating to the Underlying FX Rate and each such warrant a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of the Securities as set out below;

[European][American] [call][put] warrants relating to [underlying] [Series [ ]]

Automatic Exercise:	[Applicable][Inapplicable];
Entitlement:	;
Expiration Date:	;
Integral Multiple:	;
Issue Date:	;
[Maximum Exercise Number:	;]
[Minimum Exercise Number:	;]
Settlement Currency:	;
Settlement Date:	;
[Strike Currency:	;]
Underlying FX Rate:	;
Warrant Style:	;

Warrant Type: ;

ISIN: ;

Valoren ;

Symbol: ;

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the [fifth] Business Day following the Valuation Date;

"**Strike Currency**" means the currency specified as such in the definition of the relevant Series;

"**Strike Price**" means the price specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

"**Underlying FX Rate**" means the rate specified as such in the definition of the relevant Series;

"**Valuation Date**" means the Exercise Date unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Valuation Date shall be the first succeeding day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Underlying FX Rate and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the time [with reference to with the ECB fixing calculates the mean price of the Underlying FX (currently • [CET])] or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

"**Warrant Style**" means either American or European, as specified in the definition of the relevant Series;

"**Warrant Type**" means either Call or Put, as specified in the definition of the relevant Series;

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a Global Security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that: (i) if a Minimum Exercise Number is specified in the definition of the relevant Series, at least such Minimum Exercise Number of Securities must be exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the relevant Series, no more than such Maximum Exercise Number of Securities may be exercised at the same time. If the Securities are specified as European under Warrant Style in the definition of the relevant Series, the Securities are only exercisable on the Exercise Date. If the Securities are specified as American under Warrant Style in the definition of the relevant Series, the Securities are exercisable on any Exercise Date. Any Securities with respect to which

no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Expiration Date shall (i) if Automatic Exercise is specified in the definition of the relevant Series, be deemed to be automatically exercised if (in the case of Call) the Final Reference Price is more than the Strike Price and (in the case of Put) the Strike Price is more than the Final Reference Price and (ii) if Automatic Exercise is not specified in the definition of the relevant Series, be void. If the Securities are specified as American under Warrant Style in the definition of the relevant Series and if a Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period, it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.

(b) Cash Settlement. Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.

(c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(e) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such notice in any applicable administrative or legal proceedings.

(f) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(g) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(h) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions, shall be void.

(i) If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

(j) Except where Automatic Exercise is specified in the definition of the relevant Series and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

(k) The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(l) Delivery of a Notice. Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.

(m) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" means:

(a) Price Source Disruption. If it becomes impossible to obtain the Underlying FX Rate on the Valuation Date in the inter-bank market; or

(b) Governmental Default. If with respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not

limited to, (i) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (ii) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (iii) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

(c) Inconvertability/non-transferrability. The occurrence of any event which (i) generally makes it impossible to convert the currencies in the Underlying FX Rate through customary legal channels for conducting such conversion in the principal financial centre of the Strike Currency or (ii) generally makes it impossible to deliver the Strike Currency from accounts in the country of the principal financial centre of the Strike Currency to accounts outside such jurisdiction or the Strike Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or

(d) Nationalisation. Any expropriation, confiscation, requisition, nationalization or other action by any Governmental Authority which deprives the Issuer (or any of its Affiliates), of all or substantially all of its assets in the country of the principal financial centre of the Strike Currency; or

(e) Illiquidity. Any impossibility in obtaining a firm quote for the Underlying FX Rate or the Strike Currency for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or

(f) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

For this purpose a "**Governmental Authority**" is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Underlying FX Rate.

The Calculation Agent may make such adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS: 36 PRODUCT CONDITIONS
RELATING TO INDEX CAPITAL PROTECTED SECURITIES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] ABN AMRO Bank N.V., London branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") and [●] [each] acting through its specified office and together the "**Agents**", which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

Nominal Amount plus

$$\text{Max}\left(0, \left[\text{Nominal Amount} \times \left[\text{Participation} \times \right]\left[\frac{\text{Final Reference Price} - \text{Initial Reference Price}}{\text{Initial Reference Price}}\right]\right]\right)$$

The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [ ] Euroclear Bank S.A. and Clearstream Banking S.A. and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

["**Coupon**" means an interest coupon attached to the definitives (if any) representing an entitlement in respect of each Interest Amount;

]"**Exchange**" means each exchange or quotation system from which the Index Sponsor takes the prices of the shares that comprise the Index (the "**Shares**") to compute the Index or any successor to such exchange or quotation system;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means the level of the Index at the Valuation Time on the Valuation Date as determined by the Calculation Agent without regard to any subsequently published correction or (if the determination of the Calculation Agent no such level can be determined and no Market Disruption Event has occurred and is continuing) a level determined by the Calculation Agent as its good faith estimate of the official closing level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant;

"**Form**" means Global;

"**Index**" means the Index specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Index Sponsor**" means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Initial Reference Price**" means the level specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

["**Interest Amount**" means, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows: Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;

"**Interest Payment Dates**" means the [Maturity Date][dates specified as such in the definition of the relevant Series or if any such day is not a Business Day, the next following Business Day];

"**Interest Period**" means the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

"**Interest Rate**" means the rate specified as such in the definition of the relevant Series per annum;

"**Interest Rate Day Count Fraction**" means that interest shall be calculated on the basis of [the actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366;][the number of days in the relevant 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 (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period 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))];

]"**Issue Date**" means the issue date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Maturity Date**" means the date specified as such in the definition of the relevant Series;

"**Nominal Amount**" means the amount specified as such in the definition of the relevant Series;

["**Participation**" means the rate specified as such in the definition of the relevant Series;

]"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Securities**" means capital protected securities relating to the Index and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" mean [each/the] series of Securities as set out below:

[underlying] capital protected securities [Series [ ]]

Index: [ ] (Bloomberg Code: [ ]);

Initial Reference Price: [ ];

[Interest Payment Dates: [ ];]

[Interest Rate: [ ];]

Issue Date: [ ];

Maturity Date: [ ];

Nominal Amount: [ ];

[Participation: [ ]%;

] Settlement Currency: [ ];

Valuation Date: [ ];

ISIN: [ ];

Valoren: [ ];

Symbol: [ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the Maturity Date or if later, the [fifth] Business Day following the Valuation Date;

"**Trading Day**" means any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

"**Valuation Date**" means the date specified in the definition of the relevant Series or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the time with reference to which the Index Sponsor calculates the closing level of the Index or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the "**Holder**") of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global then, the Securities will be represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer, at the Cash Amount, such redemption to occur on the Settlement Date.

(b) [Interest. The Securities bear no interest and no payment shall be made on account thereof][Interest Amount. In respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.

(c) Interest Accrual. Each security shall cease to accrue interest from and including the due date for redemption.]

(d) Method of Payment. Subject as provided below, where the Cash Amount [or the Interest Amount]is in a currency other than euro, such payment will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount [or the Interest Amount]is in euro, such payment will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed to be in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(e) Presentation and Surrender. Payment of the Cash Amount [and the Interest Amount]will be made against surrender of the Security [and Coupon respectively,] (if Definitive) at the specified office of the Agent or Global Security (if Global) by or on behalf of the Holder at the specified office of the relevant Agent (in each case subject to any endorsement on the face of the Security [or Coupon as applicable]). The Issuer shall record all payments made to the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made. The bearer of a Security shall be the only person entitled to receive payments of the Cash Amount [or the Interest Amount]and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Security, or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as

the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Security.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount [or the Interest]Amount.

(h) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

A "**Market Disruption Event**" means: the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

(1) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or

(2) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1), (2), (3) or (4) below.

(1) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(2) If: (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and/or publish the Index; then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level(s) for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change of failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or in the case of a material modification of the Index only, to deem such modified Index to be the Index so calculated and announced or to terminate the Securities by giving notice in accordance with General Condition 4.

(3) If, at any time, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor, has not in the opinion of the

Calculation Agent made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor, pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account. (A) a distribution or dividend to existing holders of (i) the Shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (H) any other similar event having dilutive or concentrative effect on the theoretical value of the Shares.

(4) The Issuer reserves the right to make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

(c) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product

Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS: 37 PRODUCT CONDITIONS
RELATING TO SINGLE STOCK CAPITAL PROTECTED SECURITIES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [each of] ABN AMRO Bank N.V., London branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") and [●] [each] acting through its specified office and together the "**Agents**", which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

Nominal Amount plus

$$\text{Max}\left(0, \left[\text{Nominal Amount} \times \text{Participation} \times \frac{[\text{Final Reference Price} - \text{Initial Reference Price}]}{\text{Initial Reference Price}}\right]\right)$$

The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [ ] Euroclear Bank S.A. and Clearstream Banking S.A. and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Exchange**" means the exchange or quotation system specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of

such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount, subject to adjustment in accordance with Product Condition 4, equal to the price of a Share quoted on the Exchange at the Valuation Time on the Valuation Date as determined by the Calculation Agent without regard to any subsequently published correction or (if the determination of the Calculation Agent no such price can be determined and no Market Disruption Event has occurred and is continuing) a price determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Form**" means Global;

"**Initial Reference Price**" means the price specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

"**Issue Date**" means the issue date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Maturity Date**" means the date specified as such in the definition of the relevant Series;

"**Nominal Amount**" means the amount specified as such in the definition of the relevant Series;

"**Participation**" means the rate specified as such in the definition of the relevant Series;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

"**Securities**" means capital protected securities relating to the Share and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" mean [each/the] series of Securities as set out below:

[underlying] capital protected securities [Series [ ]]

Exchange:	[ ];
Initial Reference Price:	[ ];
Issue Date:	[ ];
Maturity Date:	[ ];
Nominal Amount:	[ ];
Participation:	[ ]%;
Settlement Currency:	[ ];
Share:	[ ];
Share Company:	[ ];
Valuation Date:	[ ];
ISIN:	[ ];
Valoren:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the Maturity Date or if later, the [fifth] Business Day following the Valuation Date;

"**Share**" means the share specified as such in the definition of the relevant Series, subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Company**" means the share company specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Trading Day**" means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the date specified in the definition of the relevant Series or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent

determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the close of Trading on the relevant Exchange in relation to the Share or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the "**Holder**") of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global then, the Securities will be represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the

right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer, at the Cash Amount, such redemption to occur on the Settlement Date.

(b) Interest. The Securities bear no interest and no payment shall be made on account thereof.

(c) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, such payment will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, such payment will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed to be in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(d) Presentation and Surrender. Payment of the Cash Amount will be made against surrender of the Security (if Definitive) at the specified office of the Agent or Global Security (if Global) by or on behalf of the Holder at the specified office of the relevant Agent (in each case subject to any endorsement on the face of the Security). The Issuer shall record all payments made to the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made. The bearer of a

Security shall be the only person entitled to receive payments of the Cash Amount and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Security, or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Security.

(e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

A "**Market Disruption Event**" means:

(1) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

(2) the Shares on the Exchange or any other exchange on which the Shares are listed; or

(3) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(4) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(5) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will: (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and (2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

(b) "**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per

annum of the then current market value of the Shares; (E) a call by the Share Company in respect of relevant Shares that are not fully paid; (F) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (G) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on

any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchange on which the Shares are listed (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

(d) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS: 38 PRODUCT CONDITIONS RELATING TO COUPON BEARING SHARE BASKET [PARTIALLY][CAPITAL] PROTECTED SECURITIES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [ABN AMRO Bank N.V., London branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") acting through its specified office and the "**Agents**"] shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Basket**" means the basket specified as such in the definition of the relevant Series;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

[the greater of

(a) Nominal Amount x [75]%

(b) Nominal Amount x ([75]% + [60]% x Final Reference Price – Initial Reference Price)]
Initial Reference Price

The above amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [ ] Euroclear Bank S.A. and Clearstream Banking S.A. and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Coupon**" means an interest coupon attached to the Definitive (if any) representing an entitlement in respect of each Interest Amount;

"**Exchange**" means, with respect to each Share, the exchange or quotation system specified as such in the definition of Basket, or any successor to such exchange or quotation system;

["**Exchange Rate**" means, where the Underlying Currency is different to the Settlement Currency, the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount equal to the sum of the product of, in relation to each Share, (a) the closing price of the Share at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and/or no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share (which may be zero) on such date having regard to the then prevailing market conditions, the last reported trading price of such Share on the Exchange and such other factors as the Calculation Agent determines relevant and (b) the Share's Weight;

"**Form**" means Global;

"**Initial Reference Price**" means the price specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

"**Interest Amount**" means, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

"**Interest Payment Dates**" means the dates specified as such in the definition of the relevant Series or if any such day is not a Business Day, the next following Business Day;

"**Interest Period**" means the period commencing on (but excluding) the Issue Date to (and including) the first Interest Payment Date and each period commencing on (but excluding) an Interest Payment Date to (and including) the next following Interest Payment Date;

"**Interest Rate**" means the rate specified as such in the definition of the relevant Series. per annum;

"**Interest Rate Day Count Fraction**" means that interest shall be calculated on the basis of [the actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366;][the number of days in the relevant 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 (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period 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))];

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Maturity Date**" means the date specified as such in the definition of the relevant Series;

"**Nominal Amount**" means the amount specified as such in the definition of the relevant Series;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means, in respect of each Share, an options or futures exchange or quotation system on which options or futures contracts or other derivatives contracts on the Share are traded;

"**Securities**" means coupon bearing [partially][capital] protected securities relating to the Basket and each a "**Security**". References to the term "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of Securities as set out below:

Share Basket coupon bearing Securities [Series [ ]]:

Basket:

"Share"	**"Share Company"**	**"Exchange"**	**"Weight"**

Initial Reference Price: [ ];

Interest Payment Dates: [ ], [ ] and the Maturity Date;

Interest Rate: [ ]%;

Issue Date: [ ];

Nominal Amount: [ ];

Maturity Date: [ ];

Settlement Currency: [ ];

[Underlying Currency: [ ];]

Valuation Date: [ ];

ISIN: [ ];

Valoren: [ ];

Symbol: [ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the Maturity Date, or, if later, [5] Business Days following the Valuation Date;

"**Share**" means each share specified as such in the definition of the Basket, subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Company**" means for each Share, the share company specified as such in the definition of the Basket, subject to Product Condition 4;

"**Trading Day**" means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

["**Underlying Currency**" means the currency specified as such in the definition of the relevant Series;]

"**Valuation Date**" means, with respect to the Basket, the date specified in the definition of the relevant Series, or if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant;

"**Valuation Time**" means close of trading on the relevant Exchange in relation to each Share or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and

"**Weight**" means for each Share the number specified as such in the definition of Basket, subject to adjustment in accordance with Product Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the "**Holder**") of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global then, the Securities will be represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit

quantity of the Securities standing to the credit of 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 each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer, in respect of each Nominal Amount at the Cash Amount, such redemption to occur, subject as provided below, on the Settlement Date.

(b) Interest Amount. In respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.

(c) Interest Accrual. Each security shall cease to accrue interest from and including the due date for redemption.

(d) Method of Payment. Subject as provided below, where the Cash Amount or the Interest Amount is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount or Interest Amount is in euro, such payments will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at

the option of the payee, by a euro cheque. Provided that where the Securities are expressed to be in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(e) Presentation and Surrender. Payment of the Cash Amount and the Interest Amount will be made against surrender of the Security and Coupon respectively, (if Definitive) at the specified office of the Agent or Global Security (if Global) by or on behalf of the Holder at the specified office of the relevant Agent (in each case subject to any endorsement on the face of the Security or Coupon as applicable). The Issuer shall record all payments made to the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made. The bearer of a Security shall be the only person entitled to receive payments of the Cash Amount or the Interest Amount and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Security, or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Security.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount or the Interest Amount.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(h) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

This Product Condition 4 relates to each Share.

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" means:

(1) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, willmake the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (i) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (ii) a distribution or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (iii) an extraordinary dividend; (iv) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (v) a call by the Share Company in respect of relevant Shares that are not fully paid; (vi) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(b) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below.

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to fully account for any losses, expenses and costs to the Issuer and/or any

affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchanges on which the Shares are listed (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (i) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (ii) consolidation, amalgamation or

merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (iii) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of that Share Company become legally prohibited from transferring them.

(c) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS: 39 PRODUCT CONDITIONS
RELATING TO BASKET CAPITAL PROTECTED SECURITIES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means [ABN AMRO Bank N.V., London branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom] as principal agent (the "**Principal Agent**") acting through its specified office and the "**Agents**" shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Averaging Dates**" means, with respect to each Basket Constituent, the dates specified as such in the definition of the relevant Series, or, if any such date is not a Trading Day for such Basket Constituent, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event or Fund Disruption Event, as applicable, has occurred on that day, in which case the Averaging Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event or Fund Disruption Event, as applicable, unless the Calculation Agent determines that there is a Market Disruption Event or Fund Disruption Event, as applicable, occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event or Fund Disruption Event, as applicable) would have been an Averaging Date. In that case (a) the fifth Trading Day shall be deemed to be the Averaging Date (regardless of the Market Disruption Event or Fund Disruption Event, as applicable); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the affected Basket Constituent and such other factors as the Calculation Agent determines to be relevant;

"Basket" means the basket specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

"**Basket Constituent**" means either a Certificate or a Fund;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

Nominal Amount x

([80]% + Participation * max [((Final Basket Level – Initial Basket Level) / Initial Basket Level);0])

The Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Certificate**" means each Basket Constituent defined as such in the definition of Basket, subject to adjustment in accordance with Product Condition 4;

"**Certificate Closing Price**" means in respect of each Certificate, the [ask][mid] price as quoted at the close of trading on the Exchange as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction, or (if in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the [ask][mid] price of such Certificate, having regard to the then prevailing market conditions, the last reported trading price of the Certificate and such other markets factors as the Calculation Agent determines relevant;

"**Clearing Agent**" means [ ]Euroclear Bank S.A. and Clearstream Banking S.A. and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Constituent Closing Price**" means (a) in respect of a Certificate, the Certificate Closing Price or (b) in respect of a Fund, the Fund Closing Price;

["**Coupon**" means an interest coupon attached to the Definitive (if any) representing an entitlement in respect of each Interest Amount;]

"**Exchange**" means, in respect of a Certificate, the exchange specified as such in the definition of the relevant Series or any successor to such Exchange;

["**Exchange Rate**" means (if applicable) either the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time or in the case of [ ], the fixed rate of exchange between the Underlying Currency and the Settlement Currency, being 1 unit of the Underlying Currency for 1 unit of the Settlement Currency;]

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise in respect of such Security;

"**Final Basket Level**" means the arithmetic average of the Final Reference Prices, [converted into the Settlement Currency using the Exchange Rate, if an Exchange Rate is specified, all]as determined by the Calculation Agent;

"**Final Reference Price**" means in respect of each Averaging Date, an amount equal to the sum of the product for each Basket Constituent of (a) the Constituent Closing Price on such Averaging Date and (b) the Number of Units for such Basket Constituent on such Averaging Date;

"**Form**" means Global;

"**Fund**" means each Basket Constituent defined as such in the definition of Basket, subject to adjustment in accordance with Product Condition 4;

"**Fund Closing Price**" means in respect of each Fund, the net asset value ("**NAV**") of such Fund as quoted by the fund manager of the Fund, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction, or (if in the determination of the Calculation Agent, no such net asset value can be determined and no Fund Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the net asset value of the Fund, having regard to the then prevailing market conditions, the last reported price of the Fund and such other markets factors as the Calculation Agent determines relevant;

"**Fund Disruption Event**" means each event specified as such in Product Condition 4;

"**Initial Reference Price**" means in respect of each Basket Constituent, the price specified as such in the definition of Basket, subject to adjustment in accordance with Product Condition 4;

"**Initial Basket Level**" means [EUR 100];

["**Interest Amount**" means, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Day Count Fraction;

"**Interest Payment Dates**" means the dates specified as such in the definition of the relevant Series;

"**Interest Period**" means the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date. In respect of each Security, the Interest Period during which a Notice is delivered and each subsequent Interest Period shall be disregarded for this purpose;

"**Interest Rate**" means the interest rate specified as such in the definition of the relevant Series, per annum;

"**Interest Rate Day Count Fraction**" means that interest shall be calculated on the basis of [the actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366;][the number of days in the relevant 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 (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period 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))];

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Maturity Date**" means the date specified as such in the definition of the relevant Series;

"**Nominal Amount**" means the amount specified as such in the definition of the relevant Series;

"**Number of Units**" means in relation to each Basket Constituent:

(A) on the Issue Date:

(Initial Basket Level x Weight) / Initial Reference Price; and

(B) on each Re-weighting Day:

(Re-weighting Reference Price x Weight) / Constituent Closing Price on such Re-weighting Day - 1;

"**Participation**" means the percentage specified as such in the definition of the relevant Series;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Reference Price**" means on any day, an amount equal to the sum of the product for each Basket Constituent of (a) the Constituent Closing Price and (b) the Number of Units for such Basket Constituent;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts relating to the Basket Constituents are traded;

"**Re-weighting Reference Price**" means, an amount equal to the sum of the product for each Basket Constituent of (a) the Constituent Closing Price on Re-weighting Day – 1 and (b) the Number of Units for such Basket Constituent on the relevant Re-weighting Day - 1;

"**Re-weighting Day**" means the [6 October] in each year commencing on [6 October 2006] up to (and including) the last occurring Averaging Date, or if any such day is not a Business Day, the next succeeding Business Day;

"**Re-weighting Day - 1**" means the day that is a the Trading Day in respect of all Basket Constituents (the "**Valid Trading Day**") immediately preceding the relevant Re-weighting Day unless, in the determination of the Calculation Agent, a Market Disruption Event or Fund Disruption Event, as applicable, has occurred on that day in which case, the Re-weighting Day - 1 shall be the first succeeding Valid Trading Day on which the Calculation Agent determines that there is no Market Disruption Event or Fund Disruption Event as applicable, unless the Calculation Agent determines that there is a Market Disruption Event or Fund Disruption Event, as applicable, occurring on each of the five Valid Trading Days immediately succeeding the original date which (but for the Market Disruption Event or Fund Disruption Event, as applicable) would have been the Re-weighting Day - 1. In that case (a) the fifth Valid Trading Day shall be deemed to be the Re-weighting Day – 1 (regardless of the Market Disruption Event or Fund Disruption Event, as applicable); and (b) the Calculation Agent shall determine the Constituent Closing Prices having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent and such other factors as the Calculation Agent deems relevant;

"**Securities**" means the capital protected securities relating to the Basket and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of Securities as set out below:

Basket capital protected notes

Averaging Dates: [ ];

Basket:

"Basket Constituent"	**ISIN**	**"Weight"**	**"Exchange"**	**"Initial Reference Price"**	**[Underlying Currency"]**
"**Certificate**"					
"**Certificate**"					
"**Certificate**"					
"**Fund**"					

Interest Payment Date(s); [ ];

Interest Rate: [ ];

Issue Date: [ ];

Maturity Date: [ ];

Nominal Amount: [ ];

Participation: [ ]%;

Settlement Currency: [ ];

ISIN: [ ];

Valoren: [ ];

Symbol: [ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the Maturity Date or if later the [fifth] Business Day following the final Averaging Date;

"**Trading Day**" means (a) with respect to a Certificate, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on all the Exchanges and any Related Exchanges other than a day on which trading on the Exchange any Related Exchanges is scheduled to close prior to its regular weekday closing time, and (b)

with respect to a Fund, any day (or, but for the occurrence of a Fund Disruption Event, would have been a day) on which trading in the Fund can take place;

["**Underlying Currency**" means the currency specified as such in the definition of the Basket;] and

"**Weight**" means for each Basket Constituent, and subject to adjustment in accordance with Product Condition 4, the percentage specified as such in the definition of Basket.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the "**Holder**") of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global then, the Securities will be represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in

accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur, subject as provided below, on the Settlement Date.

(b) Interest Amount. [In respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction and is payable on each Interest Payment Date.][The Securities bear no interest and no payment shall be made on account thereof.]

(c) [Interest Accrual. Each Security shall cease to accrue interest from and including the due date for redemption.]

(d) Method of Payment. Subject as provided below, where the Cash Amount[or Interest Amount] is in a currency other than euro, payment of the Cash Amount [or Interest Amount]will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount [or Interest Amount]is in euro, payment of the Cash Amount [or Interest Amount]will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed in Global form, payments will be made via the Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(e) Presentation and Surrender. Payment of the Cash Amount [and the Interest Amount] will be made against surrender of the Security [and Coupon respectively,] (if Definitive) at the specified office of the Agent or Global Security (if Global) by or on behalf of the Holder at the specified office of the relevant Agent (in each case subject to any endorsement on the face of the Security [or Coupon as applicable]). The Issuer

shall record all payments made to the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made. The bearer of a Security shall be the only person entitled to receive payments of the Cash Amount [or Interest Amount] and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Security, or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Security.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount [or Interest Amount].

(h) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" means:

(1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise): (A) the Certificates on the Exchange or any other exchange on which the Certificates are traded; or (B) any options contracts or futures contracts or other

derivatives contracts relating to the Certificates on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the issuer of the Certificates of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Certificates and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) to determine the effective date of adjustment.

The Calculation Agent may, but does not need to, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Certificates traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any event that may have a diluting or concentrative effect on the theoretical value of the Certificates.

(c) Fund Disruption Event. Following a Fund Disruption Event, the Calculation Agent will determine the effect of such Fund Disruption Event, and shall as soon as reasonably practicable under the circumstances notify the Issuer of such occurrence. The Calculation Agent will account for such occurrence as it sees fit which may include but is not limited to delaying calculation of the Fund Closing Price or making the appropriate adjustment to the calculation of the Fund Closing Price, or make the corresponding adjustment, if any, to any one or more of the Conditions as the

Calculation Agent determines appropriate all in the determination of the Calculation Agent.

"**Fund Disruption Event**" means:

(1) the Fund and/or its fund manager ceases for any reason whatsoever, to provide, publish or make available its NAV for a day which the fund manager normally provides, publishes or makes available the NAV; or

(2) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Fund; or

(3) Trading Limitation. The material limitation imposed on trading in the Fund with respect to it or any contract with respect thereto on any principal trading market; or

(4) Any other event similar to any of the above, which could make it impracticable or impossible for the Calculation Agent to perform its obligations in relation to the Securities.

(d) Fund Adjustment Event. Following a Fund Adjustment Event, the Calculation Agent will determine the effect of such Fund Adjustment Event, and shall as soon as reasonably practicable under the circumstances notify the Issuer of such occurrence and the adjustment the Calculation Agent will make to the Fund and/or the Fund Closing Price. Such adjustment may include but is not limited to the postponement of the calculation of the Fund Closing Price or the exclusion or replacement of the Fund to account for such event and determine the effective date of that adjustment.

"**Fund Adjustment Event**" means:

(1) a Fund's investment objectives and/or investment restrictions (including without limitation a change to the days on which transactions in the Fund can take place) as set out in the Fund's constitutive documents which are in force as at the Issue Date, are, in the determination of the Calculation Agent, materially changed, not complied with or the method of calculating the NAV of a share of the Fund is materially changed; or

(2) the withdrawal, suspension, cancellation or modification of any license, consent, permit, authorisation or clearance required for the Fund or its fund manager to carry-out their activities as they are or should be carried out in accordance with the constitutive documents for such Fund as of the Issue Date; or

(3) the failure by the Fund or the fund manager to comply with any rule, law regulation, guideline or other document (whether internal or external to the Fund) governing the investment by the Fund of its assets; or

(4) a Fund is liquidated, dissolved or otherwise ceases to exist or it or its fund manager is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law or the Fund is subject to any fraud; or

(5) the change of control or of management of a Fund or of the fund manager; or

(6) any dealing restrictions (and/or amendments to relevant documentation) related to a Fund and/or transactions by its relevant fund manager, affiliate, agent, or intermediary platform through which the Calculation Agent may contract (via a trading agreement or other ancillary document) in order to carry out such transactions; or

(7) the imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to the Fund (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Fund on any Trading Day used for calculating the Closing Fund Price and/or on each of the three Trading Days following such date from what it would have been without that imposition, change or removal; or

(8) any event (including, but not limited to, a split in the shares of the Fund (the "**Shares**"), the creation of one or more categories of Shares, a re-denomination of the Shares, a change in the method of calculation of the NAV, any change in the rights and/or obligations in respect of any Shares) affecting the Shares and which, in the reasonable determination of the Calculation Agent, will or would have an adverse effect on determination or calculation of the Fund Closing Price; or

(9) any litigation, judicial or other action commenced or threatening to be commenced against the Fund or any of the fund managers which, in the reasonable determination of the Calculation Agent, would have an adverse material effect to the Fund or would lead the fund manager to be in breach of their respective obligations under the Fund or make it impossible or impracticable for the fund manager to perform their obligations in respect of the Fund; or

(10) any other event, whether similar or not to any of the above: (A) which could make it impracticable or impossible for the Calculation Agent to perform its obligations in relation to the Securities and/or hedge its obligations hereunder or unwind a hedge of its obligations hereunder and/or carry out any and all transactions in respect of the Fund thereof for the purpose of the Securities; (B) where the Calculation Agent is unable to acquire or dispose of Shares of a Fund; (C) where there is any default in payment(s) for any amounts owing to the Calculation Agent for the redemption of Shares by the fund manager or any party responsible for making payments in respect of redemptions.

(e) Adjustments to the Basket

If a De-Listing occurs with respect to a Basket Constituent or a Basket Constituent is for any reason cancelled or ceases to exist, the Calculation Agent may determine in its sole discretion to either (A) replace the de-listed or cancelled Basket Constituent by a successor basket constituent which has in the determination of the Calculation Agent the same or substantially similar structure and a substantially similar economic impact, and is linked to the same asset as such Basket Constituent (B) remove the de-listed or cancelled Basket Constituent and allocate the Reference Price of such Basket Constituent as of the effective date of the de-listing or cancellation, pro rata to the remaining Basket Constituents or (C) make such other adjustments to the Conditions as the Calculation Agent sees fit, acting in its absolute discretion.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made pursuant to the foregoing paragraph.

"**De-listing**" means a Basket Constituent for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchanges on which the Basket Constituents are listed (and such cessation or suspension is continuing and such Basket Constituent is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

(f) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS: 40 PRODUCT CONDITIONS
RELATING TO INDEX OUTPERFORMANCE CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "Principal Agent") and the "**Agents**" shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London, New York and a day on which each Clearing Agent is open for business;

"Cash Amount" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(i) [[Final Reference Price x Entitlement (for the Exercise Cash Amount or Holder Termination Amount)]

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means Euroclear Bank S.A., and Clearstream Banking S.A. and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "Clearing Agent" and together the "Clearing Agents");

"**Coupon**" means an interest coupon attached to the Definitive (if any) representing an entitlement in respect of each Interest Amount;

"**Early Termination Date**" means, in relation to each Security for which there has occurred a valid Holder Early Termination, the day specified as such in the Notice delivered by the Holder in accordance with Product Condition 3, and if such day is not a Trading Day, the first Trading Day thereafter;

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means each exchange or quotation system from which the Index Sponsor takes the prices of the shares that comprise the Index (the "Shares") to compute the Index or any successor to such exchange or quotation system;

"**Exchange Rate**" means the weighted average of the Underlying Currency/Settlement Currency exchange rate (expressed as a number of units of the Settlement Currency for which one unit of the Underlying Currency can be exchanged) relating either to the purchase or sale of Shares by the Issuer (or, where relevant, the Hedge Holder and such shares being held as a hedge in respect of the Issuer's obligations hereunder) as determined by the Calculation Agent in its sole discretion acting in good faith in a commercially reasonable manner;

"**Exercise Date**" means the date specified as such in the definition of the relevant Series or, if any such day is not a Business Day, the next following Business Day;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount (which shall be deemed to be a monetary value, converted, where relevant, into the Settlement Currency at the relevant Exchange Rate) equal to the level of the Index at the Valuation Time on the Valuation Date, or the Early Termination Date as the case may be, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction, PROVIDED THAT if there has occurred a Market Disruption Event on the Valuation Date (or the Early Termination Date), the Issuer shall have the sole discretion to (i) procure that the Hedge Holder does not sell all or any of the Shares (held as the Issuer's hedge in respect of its obligations hereunder) on the Valuation Date (or the Early Termination Date) and those Shares not sold on the Valuation Date (or the Early Termination Date) shall be sold by the Hedge Holder as soon thereafter as the Issuer determines in its reasonable judgement, which determination shall be conclusive and/or (ii) procure that the Hedge Holder converts the weighted average price per Share less Expenses using the prevailing Exchange Rate on the Valuation Date (or the Early Termination Date) and/or the Exchange Rate as soon thereafter as the Issuer determines in its reasonable judgement, which determination shall be conclusive and accordingly the Final Reference Price shall be determined with regard to (A) the weighted average price per Share of such Shares sold on the Valuation Date (or the Early Termination Date), (B) the price as determined upon execution by the Hedge Holder for the unwinding of the relevant hedging

transactions, as specified in the proviso above and (C) all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with the sale of Shares which form part of the hedging instrument for the Security; all such amounts converted into the Settlement Currency at the prevailing Exchange Rate on the relevant day. In the event that the sale of all Shares is not completed within a period of thirty six continuous months commencing from and including the Valuation Date (or the Early Termination Date), the Final Reference Price is deemed to be the product of (a) the weighted average price per Share of such sale Share(s) and (b) the number of such sale Share(s), converted into the Settlement Currency at the relevant Exchange Rate as the Issuer determines in its reasonable judgement, which determination shall be conclusive, upon which the Issuer's obligations in respect of the Securities shall be discharged and the Issuer shall have no further obligations in respect thereof, provided that where the Calculation Agent in its sole discretion believes that the relevant Market Disruption Event may no longer subsist within the next six months, the Issuer may to the extent that it is permissible, continue to unwind the relevant hedging transactions at any time during such six month period in order to calculate the Final Reference Price in accordance with the proviso above;

["**Force Majeure Event**" means an event or events in India that are outside the reasonable control of the Issuer, or any of its affiliates including, but not limited to, the failure of telecommunications or computer facilities, industrial disputes, civil unrest, failure of third parties in India to carry out their obligations (provided that such third parties were appointed by the Issuer or any of its affiliates in good faith after taking due care) or the acts of governmental, regulatory or supranational bodies. For the avoidance of doubt, the insolvency of the Hedge Holder shall not constitute a Force Majeure Event];

"**FX Market Disruption Event**" means each event specified as such in Product Condition 4;

"Hedge Holder" means, as determined by the Issuer in its sole and absolute discretion, the Issuer or any affiliate of the Issuer which is the holder of record of the Shares at any relevant time;

"**Holder Early Termination**" means, notwithstanding the provisions of General Condition 3, the termination of the Securities, in whole or in part, by the Holder in accordance with Product Condition 3;

"**Index**" means the index specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Index Sponsor**" means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the

relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Initial Reference Price**" means the price specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

"**Interest Amount**" means, in respect of each Interest Period and each Security, an amount calculated by the Calculation Agent as follows:

Initial Reference Price x Interest Rate x Interest Rate Day Count Fraction;

"**Interest Payment Dates**" means the dates specified as such in the definition of the relevant Series or if any such day is not a Business Day, the next following Business Day;

"**Interest Period**" means the period commencing on (and including) the Launch Date to (but excluding) the Exercise Date, or the Early Termination Date as the case may be;

"**Interest Rate**" means the rate specified as such in the definition of the relevant Series per annum;

"**Interest Rate Day Count Fraction**" means that interest shall be calculated on the basis of the actual number of days in the relevant period divided by 360;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Launch Date**" means the date specified as such in the definition of the relevant Series;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Notice**" means the notice described in Product Condition 3(b);

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Securities**" means the certificates relating to the Index and each a "Security". References to the terms "Securities" and "Security" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of Securities as set out below:

[underlying] Index Outperformance certificates

Entitlement:	[ ];
Exercise Date:	[ ];
Launch Date:	[ ];
Index:	[ ] (Bloomberg Code: [ ]);
Initial Reference Price:	[ ]
Interest Payment Date:	the Settlement Date;
Interest Rate:	[ ] %;
Issue Date:	[ ];
Underlying Currency:	[ ];
Settlement Currency:	[ ];
ISIN:	[ ];
Valoren:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means, subject to Product Condition 4(c), the [ ] Business Day following the Valuation Date or the Early Termination Date, as the case may be, save that in the event that a Market Disruption Event or a FX Market Disruption Event results in the Final Reference Price being calculated later than the Valuation Date or the Early Termination Date (as the case may be) as provided in the definition of Final Reference Price, the Settlement Date shall be the second Business Day after (i) the day on which the sale of all the Shares for the purpose of unwinding the hedging instruments in respect of the obligations hereunder is completed and (ii) subject to FX Market Disruption Event, in the event that the sale of all such Shares is not completed within a period of thirty six continuous months or forty two continuous months (as the case may be, subject to the proviso in the definition of Final Reference Price) commencing from and including the Valuation Date, the second Business Day after the last day of such thirty six continuous months or forty two continuous months period;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other

than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Underlying Currency**" means the currency specified as such in the definition of the relevant Series;

"**Valuation Date**" means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter; and

"**Valuation Time**" means the time with reference to which the Index Sponsor calculates the closing level of the Index or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a

Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. In relation to the Securities for which no Holder Early Termination has occurred, the Securities will be deemed to be automatically exercised on the Exercise Date.

(b) Holder Early Termination. A Holder may terminate the Securities held by it in whole or part at any time after the Issue Date by giving the Issuer with a copy to the Clearing Agent one Business Day's notice of its intention to terminate the Securities. Any such notice shall be given in accordance with the provisions of General Condition 4 and shall specify the Early Termination Date. [The Holder Early Termination is subject to the Issuer being able to actually unwind the relevant notional amount of swap originally entered into by the Issuer for the purpose of hedging the Securities].

(c) Cash Settlement. Each Security upon due Exercise, or Holder Early Termination as the case may be and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive from the Issuer on the Settlement Date, or five Business Days following the delivery of the Notice if later subject to General Condition 6(c**),** either.

(1) the Exercise Cash Amount, where the Security automatically exercises in accordance with Product Condition 3(a) above;

(2) the Holder Termination Amount in the event of a Holder Early Termination in accordance with Product Condition 3(b) above;

(d) Interest Amount. In respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.

(e) Interest Accrual. Each Security shall cease to accrue interest from and including the due date for redemption.

(f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount or Interest Amount.

(g) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next

following Payment Day and shall not be entitled to any interest or other payment in respect of such delay and if a FX Market Disruption Event occurs on or around any day on which any amount is due to be paid hereunder, then no payment shall be made until as soon as practicable thereafter, provided that if a FX Market Disruption Event has occurred on or after the Valuation Date or the Early Termination Date (as the case may be) and still continues on the last day of a thirty six month period commencing from and including the Valuation Date or the Early Termination Date (as the case may be) and it has remained throughout such time impracticable for the Issuer to make the payment due, then all obligations of the Issuer in respect of the Securities shall be discharged and the Issuer shall have no further obligations in respect thereof, provided that where the relevant authorities have, in the opinion of the Calculation Agent, provided a clear indication that the relevant FX Market Disruption Event may no longer subsist within the next six months, the Issuer may, in its sole discretion, waive its right to deem its obligations herein to be discharged for a further six months.

(h) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) or Interest Amount for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(F) authorise the production of such Notice in any applicable administrative or legal proceedings.

(i) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(j) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) or Interest Amount for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(k) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross

negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(l) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(m) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" means:

(1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise), (A) on any Exchange(s) in securities that comprise the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located; or

(3) the inability of the Hedge Holder (or, if relevant, the Issuer) to unwind a relevant hedge or related trading position relating to the Securities due to illiquidity in the market for the relevant Shares, if, in the determination of the Calculation Agent, that illiquidity, as the case may be, is material.

["FX Market Disruption Event" means any of the following: (A) the failure by the [Reserve Bank of India] (the "[RBI]") or other Indian governmental authority to exchange or to approve or to permit the exchange of the Underlying Currency for the

Settlement Currency or the transfer of the Settlement Currency from accounts inside India to outside India, or (B) the general unavailability of the Settlement Currency at a spot rate of exchange for the Underlying Currency in any legal exchange market in India that is officially recognised as such by the RBI or other relevant authorities in India in accordance with normal commercial practice. Any determination by the Calculation Agent that at any time a FX Market Disruption Event has occurred shall be final and binding on the Issuer and the Holder.]

["FX Market Disruption Event" means any of the following: (A) the failure by the People's Bank of China (the "PBOC") or State Administration of Foreign Exchange (the "SAFE") or Hong Kong Monetary Authority ("HKMA") or other relevant authorities in People's Republic of China or Hong Kong to exchange or to approve or to permit the exchange of the Underlying Currency for the Settlement Currency or the transfer of the Settlement Currency from accounts inside China or Hong Kong to outside China or Hong Kong; or (B) the general unavailability of the Settlement Currency at a spot rate of exchange for the Underlying Currency in any legal exchange market in China or Hong Kong that is officially recognised as such by the PBOC, SAFE, HKMA or other relevant authorities in the People's Republic of China or Hong Kong in accordance with normal commercial practice. Any determination by the Calculation Agent that at any time a FX Market Disruption Event has occurred shall be final and binding on the Issuer and the Holder.]

(b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1), (2), (3) or (4) below: (1) If the Index is: (A) not calculated and announced by the Index sponsor but is calculated and published by a successor to the Index Sponsor (the "Successor Sponsor") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(2) If: (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and/or publish the Index, then (in either case) the Calculation Agent shall determine

the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or in the case of a material modification of the Index only, the Calculation Agent shall deem such modified Index to be the Index so calculated and announced or to terminate the Securities by giving notice in accordance with General Condition 4.

(3) If, at any time, any of the events specified in (A) to (G) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor, has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor, pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account. (A) a distribution or dividend to existing holders of the Shares of: (i) Shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) any other similar event having dilutive or concentrative effect on the theoretical value of the Shares.

(4) The Issuer reserves the right to make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its

absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

(c) [Force Majeure Event. If a Force Majeure Event occurs on any day resulting in the Issuer being unable to fulfill its obligations when such obligations are due, then such obligations shall be postponed until the first immediately succeeding Business Day on which the Force Majeure Event is no longer subsisting and any calculations or determinations in respect of the Securities made by the Calculation Agent following such Force Majeure Event shall (save in the case of manifest error) be final, conclusive and binding on the Holders].

(d) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and in a commercially reasonable manner.

(e) The Issuer shall act in good faith and in a commercially reasonable manner when exercising its rights under General Conditions (3) and (5).

CONDITIONS: 41 PRODUCT CONDITIONS
RELATING TO SINGLE STOCK OUTPERFORMANCE CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means each of ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") and [●], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

(A) If the Final Reference Price is greater than the Outperformance Price,

[Outperformance Price + ((Final Reference Price – Outperformance Price) x Participation)] x Entitlement; or

(B) If the Final Reference Price is less than or equal to the Outperformance Price,

Final Reference Price x Entitlement

Provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [Clearstream Banking AG,]Euroclear Bank S.A., and Clearstream Banking S.A. and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "Clearing Agent" and together the "Clearing Agents");

"**Entitlement**" means the number specified as such in the definition of the relevant Series, subject to any adjustment in accordance with Product Condition 4;

"**Exchange**" means the exchange or quotation system specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Exchange Rate**" means the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine;

"**Exercise Date**" means the date specified as such in the definition of the relevant Series or, if any such day is not a Business Day, the next following Business Day;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount equal to the price of the Share on the Exchange at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Outperformance Price**" means the price specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4;

"**Participation**" means the rate specified as such in the definition of the relevant Series;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement

Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Share are traded;

"**Securities**" means the outperformance certificates relating to the Share and each a "**Security**". References to the terms "Securities" and "Security" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of Securities as set out below:

[description certificates]

Entitlement:	[ ];
Exchange:	[ ];
Exercise Date:	[valuation date];
Issue Date:	[ ];
Outperformance Price:	[ ];
Participation:	[ ];
Settlement Currency:	[ ];
Share:	[share];
Share Company:	[ ];
Underlying Currency:	[ ];
ISIN:	[ISIN];
Valoren:	[ ];
Symbol:	[ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the [fifth] Business Day following the Valuation Date;

"**Share**" means the share specified as such in the definition of the relevant Series, subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Company**" means the share company specified as such in the definition of the relevant Series, subject to Product Condition 4;

"Trading Day" means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a

day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Underlying Currency**" means the currency specified as such in the definition of the relevant Series;

"**Valuation Date**" means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (a) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

"**Valuation Time**" means the close of trading on the relevant Exchange in relation to a Share or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the Securities are represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the

right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Exercise. The Securities will be deemed to be automatically exercised on the Exercise Date.

(b) Cash Settlement. Each Security upon due Exercise, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive from the Issuer on the Settlement Date, or five Business Days following the delivery of the Notice if later subject to General Condition 6(c), the Cash Amount.

(c) The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

(f) Notice. All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

(1) specify the number of Securities to which it relates;

(2) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

(3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

(4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;

(5) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means:

(i) any person who is a U.S. person as defined in Regulation S under the Securities Act;

(ii) any person or entity other than one of the following:

(A) a natural person who is not a resident of the United States;

(B) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(C) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(D) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(E) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

(6) authorise the production of such Notice in any applicable administrative or legal proceedings.

(g) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

(h) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(i) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

(k) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

5. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

A "**Market Disruption Event**" means:

(1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance

with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (i) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (ii) a distribution or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (iii) an extraordinary dividend; (iv) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (v) a call by the Share Company in respect of relevant Shares that are not fully paid; (vi) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event,

Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchange on which the Shares are listed (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (i) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (iii) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of that Share Company become legally prohibited from transferring them.

(d) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

CONDITIONS: 42 PRODUCT CONDITIONS RELATING TO SINGLE STOCK KNOCK-IN [QUANTO] REVERSE EXCHANGEABLE SECURITIES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

"**Agent**" means ABN AMRO Bank N.V., London Branch, 250 Bishopsgate, London EC2M 4AA, United Kingdom as principal agent (the "**Principal Agent**") and [●] acting through its specified office and the "**Agents**" shall include any other Agent appointed pursuant to the provisions of General Condition 12;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

"**Cash Amount**" means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

[(i) Nominal Amount x 100% ("**Cash Amount 1**")

(ii) Nominal Amount x (Final Reference Price / Strike Price) ("**Cash Amount 2**")]

The Cash Amount shall be converted into the Settlement Currency at the Exchange Rate if an Exchange Rate is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Clearing Agent**" means [SIS SegaInterSettle AG,][Clearstream Banking AG,]Euroclear Bank S.A., and Clearstream Banking S.A. and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**");

"**Coupon**" means an interest coupon attached to the Definitive (if any) representing an entitlement in respect of each Interest Amount;

"**Determination Date**" means the date specified in the definition of the relevant Series or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of

the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Determination Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Determination Date. In that case (i) the fifth Trading Day shall be deemed to be the Determination Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant; and

"**Exchange**" means the exchange or quotation system specified as such in the definition of the relevant Series or any successor to such exchange or quotation system;

"**Exchange Rate**" means the fixed rate of exchange between the Underlying Currency and the Settlement Currency being 1 unit of the Underlying Currency for 1 unit of the Settlement Currency;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

"**Final Reference Price**" means an amount, subject to adjustment in accordance with Product Condition 4, equal to the price of a Share quoted on the Exchange at the Valuation Time on the Determination Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) a price determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant;

"**Form**" means Global;

"**Interest Amount**" means, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

"**Interest Payment Dates**" mean the dates specified as such in the definition of the relevant Series;

"**Interest Period**" means the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

"**Interest Rate**" means the rate specified as such in the definition of the relevant Series per annum;

"**Interest Rate Day Count Fraction**" means that interest shall be calculated on the basis of [the actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366;][the number of days in the relevant 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 (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period 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))];

"**Issue Date**" means the date specified as such in the definition of the relevant Series;

"**Issuer**" means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as it may specify from time to time;

"**Knock-in Event**" occurs if the [closing] price of the Share is [at any time on any Trading Day during the Observation Period][on the Determination Date], less than or equal to the Knock-in Level;

"**Knock-in Level**" means the price specified as such in the definition of the relevant Series subject to adjustment in accordance with Product Condition 4;

"**Market Disruption Event**" means each event specified as such in Product Condition 4;

"**Maturity Date**" means the date specified as such in the definition of the relevant Series;

"**Nominal Amount**" means the amount specified as such in the definition of the relevant Series;

"**Observation Period**" means the period commencing on (and including) the [Pricing] Date to (and including) the Determination Date;

"**Payment Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement

Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open;

["**Pricing Date**" means the date specified as such in the definition of the relevant Series, subject to adjustment by the Issuer in adverse market conditions, if, in the opinion of the Issuer, circumstances so require;]

"**Related Exchange**" means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

"**Securities**" means the knock-in [Quanto] reverse exchangeable securities relating to the Shares and each a "**Security**". References to the terms "**Securities**" and "**Security**" shall be construed severally with respect to each Series;

"**Series**" means [each/the] series of Securities as set out below:

[underlying] knock-in [Quanto] reverse exchangeable securities

Determination Date:	[ ];
Exchange:	[ ];
Interest Payment Dates:	[Maturity Date];
Interest Rate:	[ ]% (Interest Rate Component: [ ]% and Option Part Component [ ]%);
Issue Date:	[ ];
Knock-in Level:	[EUR];
Maturity Date:	[ ];
Nominal Amount:	[ ];
[Pricing Date:	[ ];]
Settlement Currency:	[ ];
Share:	the [ordinary] shares of the Share Company (ISIN: [ ]);
Share Company:	[ ];
Underlying Currency:	[ ];
ISIN:	[ ];
[Valoren] :	[ ];
Symbol:	[ ];

"**Settlement Currency**" means the currency specified as such in the definition of the relevant Series;

"**Settlement Date**" means the Maturity Date or if later, the [fifth] Business Day following the Determination Date;

"**Share**" means the shares specified as such in the definition of the relevant Series, subject to Product Condition 4 and "**Shares**" shall be construed accordingly;

"**Share Company**" means the share company specified as such in the definition of the relevant Series, subject to Product Condition 4;

"**Trading Day**" means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

"**Underlying Currency**" means the currency specified as such in the definition of the relevant Series; and

"**Valuation Time**" means the close of trading on the relevant Exchange in relation to a Share or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4;

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

(a) Global Form. Except in the case of Securities issued in dematerialised form, the The Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the "**Holder**") of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global then, the Securities will be represented by a global security (the "**Global Security**") which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit quantity of the Securities standing to the credit of 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 each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term "**Holder**" shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

(b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Rules**"). Accordingly, in these Conditions, the term "**Holder**" means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

3. RIGHTS AND PROCEDURES

(a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer provided that no Knock-in Event has occurred in respect of each Nominal Amount at Cash Amount 1. Where a Knock-in Event has occurred or a Market Disruption Event has occurred on the Determination Date, each Security will be redeemed at the sole option of the Issuer, in respect of each Nominal Amount:

(1) at the Cash Amount 1; or

(2) Cash Amount 2.

such redemption to occur, subject as provided below, on the Settlement Date.

(b) Interest Amount. In respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.

(c) Interest Accrual. Each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date in the event that payment of any Cash Amount is postponed due to a Market Disruption Event.

(d) Method of Payment. Subject as provided below, where the Cash Amount or the Interest Amount is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the

case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount or Interest Amount is in euro, such payments will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed to be in Global form, payments will be made via a Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

(e) Presentation and Surrender. Payment of the Cash Amount and the Interest Amount will be made against surrender of the Security and Coupon as applicable, (if Definitive) at the specified office of the Agent or Global Security (if Global) by or on behalf of the Holder at the specified office of the relevant Agent (in each case subject to any endorsement on the face of the Security or Coupon as applicable). The Issuer shall record all payments made to the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made. The bearer of a Security shall be the only person entitled to receive payments of the Cash Amount or the Interest Amount and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Security, or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Security.

(f) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount or the Interest Amount.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

(h) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions

contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. ADJUSTMENTS

(a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

"**Market Disruption Event**" means:

(1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

(2) the Shares on the Exchange or any other exchange on which the Shares are listed; or

(3) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

(3) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

(1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and

(2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

"**Potential Adjustment Event**" means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (E) a call by the Share Company in respect of relevant Shares that are not fully paid; (F) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (G) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such

Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (1) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (2) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (3) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Determination Date.

"**Nationalisation**" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

(d) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

INFORMATION RELATING TO THE UNDERLYING [SHARE(S)]

The following summary information has been extracted from public information services and/or the most recent annual report of the relevant Share Company. The Issuer accepts responsibility for accurately reproducing such extracts but does not accept any further or other responsibility in respect of such information. The Issuer has not participated in the preparation of such information nor has the Issuer made any due diligence inquiry with respect to such information and the Issuer assumes no responsibility for the adequacy or accuracy of such information.

1. SHARE COMPANY

   [Insert Description of the Share Company]

2. THE SHARES

   [Insert Description of the Shares]

3. HISTORICAL UNDERLYING PRICE INFORMATION

   [Insert graphic]

   The closing price of the Shares on the Exchange on *[insert date]* was *[CCY] [Price]*.

   Source: *[ ]*

4. FURTHER INFORMATION

   Further information may be obtained from the Share Company at the address specified below.

   [Insert Address and Telephone number]

   Website: *[Insert URL]*

[*If for a Basket of Stocks, Underlying information to be provided for each underlying Share*]

INFORMATION RELATING TO THE UNDERLYING [INDEX]

The following summary information has been extracted from public information services and/or the relevant Index Sponsor. The Issuer accepts responsibility for accurately reproducing such extracts but does not accept any further or other responsibility in respect of such information. The Issuer has not participated in the preparation of such information nor has the Issuer made any due diligence inquiry with respect to such information and the Issuer assumes no responsibility for the adequacy or accuracy of such information.

1. GENERAL DESCRIPTION OF THE INDEX

   [Insert Description of the Index]

2. CALCULATION OF THE INDEX

   [Insert method of calculation and, if applicable, the formula]

3. HISTORICAL INDEX LEVELS

   [Insert graphic]

   The closing level of the Index on *[insert date]* was *[Level]*.

   Source: *[ ]*

4. [FURTHER INFORMATION]

   Further information may be obtained from the Index Sponsor at the address specified below.

   [Insert Address and Telephone number]

   Website: *[Insert URL]*

5. SPONSOR'S DISCLAIMER OF LIABILITY

   [*Insert Disclaimer*]

[*If for a Basket of Indices, Underlying information to be provided for each underlying Share*]

INFORMATION RELATING TO THE UNDERLYING [COMMODITY]

The following summary information has been extracted from public information services and/or the relevant Exchange. The Issuer accepts responsibility for accurately reproducing such extracts but does not accept any further or other responsibility in respect of such information. The Issuer has not participated in the preparation of such information nor has the Issuer made any due diligence inquiry with respect to such information and the Issuer assumes no responsibility for the adequacy or accuracy of such information.

1. GENERAL DESCRIPTION OF THE UNDERLYING

   [Insert Description of the Commodity Contract]

2. HISTORICAL COMMODITY PRICES

   [Insert graphic]

   The closing level of the Index on *[insert date]* was *[Level]*.

   Source: *[ ]*

3. [FURTHER INFORMATION]

   Further information may be obtained from the Exchange at the address specified below.

   [Insert Address and Telephone number]

   Website: *[Insert URL]*

INFORMATION RELATING TO THE UNDERLYING

The following summary information has been extracted from public information services and/or the most recent annual report of the relevant Asset. The Issuer accepts responsibility for accurately reproducing such extracts but does not accept any further or other responsibility in respect of such information. The Issuer has not participated in the preparation of such information nor has the Issuer made any due diligence inquiry with respect to such information and the Issuer assumes no responsibility for the adequacy or accuracy of such information.

1. THE ASSETS

   [Insert Description of the Assets]

2. HISTORICAL UNDERLYING PRICE INFORMATION

   [Insert graphic]

   The closing price of the Assets on the Exchange on *[insert date]* was *[CCY] [Price]*.

   Source: *[ ]*

3. FURTHER INFORMATION

   Further information may be obtained from the Asset Issuer at the address specified below.

   [Insert Address and Telephone number]

   Website: *[Insert URL]*

4. ASSET ISSUER DISCLAIMER

   The Securities will be obligations of the Issuer and will not be obligations of the Asset Issuer. This is not an offer of Assets and consequently holders of Securities are not entitled to any rights attached to the Assets. The Asset Issuer (unless the Asset Issuer is the Issuer) has not been involved in the preparation of the Offering Supplement or the issue of the Securities.

COUNTRY SUPPLEMENT: SWITZERLAND

1. TAXATION

The following is a general summary of certain Swiss tax consequences as of the date of this Offering Supplement in relation to the Securities. It is not exhaustive and holders who are in doubt as to their tax position should consult their professional advisers.

The following is a summary of the main tax consequences in relation to dealings in the Securities according to the currently valid Swiss tax laws as at the date of publication of the LaunchPAD programme. This outline is a summary and does not take into consideration possible special circumstances of some investors. Tax laws may undergo changes (or their interpretation or application may change) and their validity might also be retroactive.

Potential investors should consult their own tax advisors, legal advisers or financial consultants regarding their personal tax situation when entering into transactions with reference to the Securities.

(a) Tax Laws in Switzerland. The Swiss tax treatment of notes, bonds and other financial instruments are primarily regulated pursuant to the conditions set forth in the Circular Letter no. 15 of the Federal Tax Administration regarding the treatment of Bonds and Derivatives Financial Instruments for the purpose of the Federal Income Tax, Federal Withholding Tax and Federal Stamp Duties, as published on 7 February 2007. These rules are usually also applied by the Cantonal tax authorities.

It should be noted that the Swiss tax terms "notes" and "bonds" are not consistent with the corresponding terms stipulated by Swiss security laws and the international or foreign understanding of such terms.

(b) Notes. Notes can, under certain circumstances, qualify as a bond for tax purposes. The Federal Withholding Tax and Stamp Duty legislation provide for a broad definition of the notion of "bond".

Bonds are taxable securities for purposes of the Securities Transfer Stamp Tax (Turnover Tax), which is imposed if a domestic securities dealer (as defined in the Federal Law on Stamp Duty) is involved in the transaction. Foreign banks and

brokers dealing in foreign bonds are exempt from the Securities Transfer Stamp Tax.

The Securities are not subject to the Federal Withholding Tax.

In Switzerland, all recurring and non-recurring income received by Swiss investors is, as a general rule, subject to Income Tax, whether it arises from domestic or foreign source.

(c) Reverse Exchangeable Bonds. Reverse exchangeable bonds may be divided into taxable bonds and a tax-free derivative (option or combination of options) provided that the instrument is, for tax purposes, made transparent by the issuer. An instrument is considered transparent if (i) the value on issuance of its bond and its derivative components can be determined separately, (ii) the issuer of the Securities can demonstrate the different components and their values in the term sheet by way of a recognised financial mathematical computation or (iii) the different components and their values can subsequently be reconstructed on an "analytically" basis. Under the condition of transparency, the option premium paid by the issuer to the private investor is exempt from Income Tax and Federal Withholding Tax (where otherwise applicable); taxation is limited to the interest of the bond portion which would have been paid for an investment in a comparable straight bond of the same issuer with a similar term and in the same currency at market conditions. If the interest is paid as a one-time compensation, the so-called modified differential taxation is applied in each case of pre-maturity sale or redemption of the instrument. For tax purposes, the nominal value of the bond portion is usually equal to the entire amount invested in the reverse exchangeable bond. However, if the instrument includes a capital protection, such protection is the result of a (further) option and the nominal value of the bond element must be computed "analytically".

Non-transparent reverse exchangeable bonds are treated as bonds with a variable taxable return and are, thus, fully taxed according to the general principles of a bond (i.e. ignoring the presence of a tax-free derivative component).

Issuance Stamp Tax and Securities Transfer Stamp Tax are imposed according to the general rules on bonds.

(d) Certificates and Warrants.

(1) Federal Withholding Tax, Issuance Tax and Turnover Tax. The Securities in the nature of certificates or warrants under this program is in principle not subject to any Federal Withholding Taxes nor to Taxes on Issuance and Turnover.

When dealing in Securities in the nature of certificates or warrants, the investor has to pay the Turnover Tax provided that such Security includes characteristics which make it equal to a security or a bond according to the Federal Law on Stamp Duty.

(2) Tax on Certificates or Warrants which are held by Individuals. Profits and losses resulting from the sale and purchase of Securities in the nature of certificates or warrants by private persons having their domicile in Switzerland are not subject to Income-Tax by the Confederation, the Cantons or by the Municipalities, provided that such Securities are held privately and provided that the tax payer is not a professional securities dealer for income tax purposes. In case the tax payer receives additional compensation payments for such Securities in return for lost dividends (periodically or single payment), these compensation payments are to be considered taxable earnings.

(3) Tax on Certificates or Warrants which are held as Business Assets. Profits and losses resulting from dealing in Securities in the nature of certificates or warrants by private persons having their domicile in Switzerland and holding such Securities in the business assets, or which are realized by companies domiciled in Switzerland are treated as taxable income or tax-deductible loss.

(e) Discount Certificates. In case Securities in the nature of discount certificates are held by private persons as their private assets at the time of payment, the discount (i.e. the difference between the rate of the basic value at the issue and the issue price of the certificate) is subject to Income Tax.

2. ISSUE AND PURCHASE

The Securities are eligible for distribution and sale in Switzerland and will be issued on [ ]. The Securities may be purchased directly from any branch of ABN AMRO Bank N.V. in Switzerland.

3. SETTLEMENT AND CLEARING INFORMATION

The Securities have been accepted for clearing and settlement in SIS SegaInterSettle AG , Euroclear Bank S.A., Clearstream Banking S.A., with the security codes as described below:

Securities	ISIN	Valoren

4. EXPIRY INFORMATION

Please refer to Product Condition 3. Only persons who are entered for the time being in the records of the relevant Clearing Agent as the holder of a Security will be recognised as such.

5. NOTICES

Pursuant to General Condition 4(a), announcements in Switzerland will be made in German and French and published on the SWX website (http://www.swx.com).
Further announcements in German and French may, at the Issuer's option, be published in "Finanz und Wirtschaft" and Le Temps or "L'Agéfi" respectively. [Details of the Substitute Asset will be published on the ABN AMRO website (http://www.abnamromarkets.com)].

6. PAYING AND EXERCISE AGENT'S OFFICE

In Switzerland, please contact ABN AMRO Bank N.V. Amsterdam Zurich branch, at +41 1 631 6260 or by fax to +41 1 631 4834. ABN AMRO Bank N.V. Amsterdam, Zurich branch is a recognised representative pursuant to Art. 50 LR.

7. INCORPORATION BY REFERENCE

The Issuer incorporates by reference each of the following documents:

(i) the Annual Reports for the last three financial years and any subsequent unaudited consolidated interim statements issued in respect of ABN AMRO Holding N.V.

(each of which incorporates the financial statements of the Issuer) (in English); and

(ii) the articles of association of the Issuer.

All documents required by the Swiss Exchange to be made available by the Issuer in Zurich as well as all future Annual Reports and unaudited consolidated interim statements issued in respect of ABN AMRO Holding N.V. will be made available without charge at the office of the Agent specified above for so long as the Securities shall exist.

8. SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES

The Securities are not investment funds within the context of the Swiss Federal Act on Collective Investment Schemes (CISA) and therefore, are also not subject to the supervision of the Federal Banking Commission of Switzerland (FBC).

9. JURISDICTION

For the benefit of Holders resident in Switzerland, the Issuer consents to the non-exclusive jurisdiction of the ordinary courts of the Canton of Zurich, the place of jurisdiction being Zurich 1 with the right of appeal to the Swiss Federal Court of Justice in Lausanne where the Swiss law permits. Solely for official notifications in connection with judicial or administrative proceedings in Switzerland relating to the Securities, the Issuer elects legal and special domicile at ABN AMRO Bank N.V., Amsterdam, Zurich Branch, Beethovenstrasse 33, 8002 Zurich, Switzerland.

10. ADDITIONAL INFORMATION

(a) Material Adverse Change. Save as disclosed in this document, there has been no material adverse change in the financial position or prospects or significant change in the financial or trading position of Holding since 31 December 2006.

(b) Authorisation. The issue of the Securities by the Issuer has been duly authorised.

(c) [Trading. The Securities may be traded on the SWX Swiss Exchange from [provisional listing date] until 12.00 (noon) (Central European Time) on the [Exercise Date].]

ABN AMRO BANK N.V. AND ABN AMRO HOLDING N.V.

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1082 PP Amsterdam
The Netherlands

PRINCIPAL AGENT

ABN AMRO Bank N.V.
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AGENT

ABN AMRO Bank N.V. Amsterdam, Zurich branch
Beethovenstrasse 33
8002 Zurich
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AUDITORS

Ernst & Young Accountants
Drentestraat 20
1083 HK Amsterdam
The Netherlands

APPENDIX

ANNUAL REPORT 2006

ABN AMRO Holding N.V.

ABN·AMRO

ANNUAL REPORT 2006

ABN AMRO Holding N.V.

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Dear Shareholder,

For ABN AMRO, the year 2006 is best characterised as a year of profitable transition. We implemented our new Group structure, initiated and successfully completed the integration of Antonveneta, and continued to align the Group's businesses with our mid-market strategy.

Our profit for the year was EUR 4.78 billion, an increase of 7.6% over 2005 as the operating result growth of 14.5% was partly offset by an increase of more than EUR 1.2 billion in loan impairments. Total earnings per share came in at EUR 2.50 compared with EUR 2.43 last year.

The continuing growth in earnings per share in 2006 allows us to propose an increase in our full-year 2006 dividend to EUR 1.15, up from EUR 1.10 in 2005. Disciplined capital management strengthened our capital ratios, enabling us to announce a new share buy-back programme of EUR 1 billion, given that we have no immediate need for the excess capital.

We must further improve our performance if we want to achieve our longer term goals. Although I am satisfied with the revenue growth in 2006, our cost discipline has not been good enough. Key priorities for 2007 will therefore be continued organic revenue growth and further improvements in cost management. The fourth quarter of 2006 showed the first signs of the positive impact of the cost measures taken after the first half results. Cost growth in the second half of 2006 (versus second half of 2005) was 4.5% compared with cost growth of 11.8% in the first half of 2006 (versus first half of 2005).

Given the impact of the savings from the Services programme this year and the focus of all businesses on improving cost control, in particular in the Business Units (BUs) Europe, North America and the Netherlands, I am confident that our cost management will improve significantly in 2007.

As 2006 was a year of transition, we need to make 2007 a year of delivery. I will provide detail on our plans for 2007 below, but first I will review the execution of our Managing Board priorities in 2006.

Review of 2006 Managing Board priorities

In 2006, six priorities guided our decisions and the execution of our plans.

1. Drive organic growth from the new Group structure

Our first priority was to implement our new structure and ensure that we realised the benefits of our new client-led model. Our revenues grew by 19.6%. Excluding the integration of Antonveneta, which added EUR 2,071 million in revenues, the various gains on sales and the impact of foreign exchange rate differences, the organic revenue growth was 6.4%, or more than EUR 1.6 billion, of which more than EUR 700 million came from

BU Global Markets. This shows the success of opening up much more of our global product capabilities to all our regional clients as well as the creation of product/client platforms.

2. Strict capital discipline

Our strong focus on capital discipline allowed us to distribute EUR 2.2 billion of capital to our shareholders via share buy-backs, including the neutralisation of the dilutive effect of the stock dividend. Furthermore, we continued to look for structured ways of managing our capital more efficiently.

3. Realise the synergies from the integration of Antonveneta

We worked very hard to bring Antonveneta into the Group, culminating in the rebranding of the bank in November 2006 and the completion of the integration by the end of the year. At EUR 430 million, our cost and revenue synergies were significantly higher than expected.

4. Realise cost synergies from Services and other initiatives

As I already mentioned above, managing our cost base remains an important priority. Although Services realised its EUR 300 million cost savings programme in 2006, much of this has been reinvested in the business. Productivity measures have therefore been taken to ensure that more of the benefits flow through to the bottom line.

5. Further improve the returns from BU Global Markets, BU Global Clients and BU Europe

BU Global Clients saw operating income grow by 3% while making considerable progress in reducing risk-weighted assets, improving usage of economic capital and, as a consequence, developing a revenue stream that is less dependent on interest income.

During 2006, BU Global Markets built momentum across all lines of business, delivering an eight percentage-point improvement in the full-year efficiency ratio to 83% when adjusted for the gain on the disposal of the Global Futures business and restructuring charges, well ahead of the five percentage-point target. All BU Global Markets product groups showed significant increases in operating income compared with 2005. We made participation choices in a number of products or locations that do not explicitly support the Group's chosen client base and/or do not meet our profitability targets.

In the regional BUs, for example BU Europe, the combination of our local client intimacy and our ability to leverage the global excellence of the Product BUs has borne fruit. The regional BUs have also been rapidly expanding their financial institutions business. This has proven so successful that we have rolled out a regional approach for all our financial institution clients.

6. Implement best-in-class compliance standards

Our obligations under the Cease and Desist Order – whereby ABN AMRO must take all relevant measures to improve oversight and compliance in its US branches and offices governed by US law – were a top priority. Effective 1 January 2006, the Group Compliance organisation was restructured in order to align it further with the bank's new BU structure. The inclusion of Country Executives in the management of compliance issues has strengthened the bank's regulatory oversight and accountability. The new structure for compliance also places greater emphasis on global policy coordination, and on ensuring that policies are consistent across the bank's various regions.

Our priorities for 2007

As mentioned earlier, 2007 will be a year of delivery. For us, delivery means earnings per share of at least EUR 2.30 (excluding gains on major disposals and restructuring charges), to be achieved mainly by improving the operating performance through continued revenue growth and acceleration of our efficiency efforts. We will thereby continue to act as a responsible financial institution towards all our stakeholders.

Growth

We see strong potential in our main growth areas – Brazil, Asia and Italy. We expect that Brazil will benefit from a continued benign economic environment, which in turn will benefit the banking sector. With our significant market position in Brazil, we therefore expect BU Latin America to deliver further growth in 2007.

In BU Asia, we will continue to grow our consumer and commercial operations in selected markets, especially in India, China, Taiwan, Pakistan and the United Arab Emirates, underpinned by the successful Van Gogh Preferred Banking concept.

With Antonveneta now firmly integrated in the Group, we expect the commercial and consumer offering, as well as the Group's international network, to drive growth in Italy. At the same time, we are currently rolling out our successful private banking operations in Italy.

Efficiency

As highlighted in our analysis of the 2006 Managing Board priorities, the Group's efficiency ratio has to improve and we need to further streamline our operations. A number of measures will be implemented with the highest priority in 2007. A top priority will be bringing BU Europe to profitability in 2007 and meeting the Group's 20% return on assigned risk capital target over time.

While continuing to grow our revenues in BU North America, we realise we must continuously assess its cost base and efficiency in order to further improve its performance and competitiveness and bring its efficiency ratio more in line with its regional peers. We have therefore launched a process of ongoing efficiency initiatives.

BU Netherlands will invest further in improving service levels to its mid-market clients, since 2006 has shown that improved client satisfaction leads to higher revenues. Increasing the added value of our services to our clients will entail some investments. The related expense growth will be offset by additional benefits from the Services initiatives, leading to an overall limited cost growth for BU Netherlands in 2007.

The BUs Europe, North America and Netherlands will all benefit from the Services savings initiative.

Acceleration of existing initiatives

- Exit underperforming commercial client relationships

In the Commercial Client Segment we strive to add value for our target clients by reducing the number of clients per account manager and by better leveraging our sector-specific knowledge. We will focus on those countries and products where we believe we have or can build a sustainable position in the context of the Group strategy. We will exit underperforming commercial client relationships, which are predominantly located outside our home markets. We expect this to lead to a reduction in risk-weighted assets allocated to the Commercial Client Segment of at least EUR 10 billion by the end of 2007.

- Further improve the efficiency ratio of BU Global Markets to 75%

BU Global Markets has ambitious targets for its efficiency ratio. After successfully improving its efficiency ratio by eight percentage points in 2006, excluding incidental items, we now expect to further improve the ratio in 2007 to 75%. There is significant scope for further revenue uplift through more effective leverage of BU Global Markets with existing clients, particularly in the Group's target consumer and commercial 'sweet spot' customer segments, as well as financial institutions. The financial institutions customer group was an important contributor to the improvement in performance during 2006 and will be a point of emphasis for 2007 and 2008, along with areas of established product strength like the Private Investor Product franchise and the growing client demand for structured products.

- Increase the return on assigned risk capital of BU Global Clients to 20%

In BU Global Clients, our focus will be on increasing the return on assigned risk capital to 20% in 2007 and beyond. BU Global Clients will continue to focus its business on sectors with relatively low capital intensity, like financial

institutions, as well as increasing the delivery of industry expertise to our regional clients. This should result in a further increase in Mergers & Acquisitions and Equity Capital Markets revenues, as well as from other products. Due to its strong dependence on products delivered by BU Global Markets and BU Transaction Banking, BU Global Clients will benefit from the projected improvements of the efficiency ratios of these BUs in 2007. The increased focus on financial institutions, the reduction of low yielding risk-weighted assets and the continued focus on capital management are expected to result in an improved performance over 2007. BU Global Clients' risk-weighted assets represented 8% of the Group's risk-weighted assets at year end, and we will manage this business on a return on assigned risk capital basis going forward.

In order to further drive close cooperation and synergies between BU Global Clients and the regions, it has been decided to report the results of BU Global Clients in the regional BUs as of 1 January 2007. ABN AMRO will continue to provide financial information on BU Global Clients on a quarterly basis, which will make it possible to track progress against the previously communicated targets.

- Improve productivity and efficiency in Group Functions

Based on a Group-wide benchmarking of Group Functions, we believe there is a significant opportunity to improve productivity and cost efficiency while continuing to ensure an effective control framework at all times. From 2007 this affects more than 500 full-time equivalents (FTEs), mainly at head office, as announced earlier.

- Further improve strategic focus

We will continue to divest non-core businesses within BUs and thereby further improve the strategic focus of the Group. On 22 January 2007, we announced the sale of ABN AMRO Mortgage Group, Inc., in the United States. This transaction closed on 28 February 2007.

- Strict capital discipline

We will continuously evaluate our capital position vis-à-vis our growth plans, in order to determine our capital needs. We aim to maintain a core tier 1 ratio of 6% and a tier 1 ratio of 8% by the end of 2007. The decision to buy back shares, in addition to the neutralisation of the dilutive effect of the stock dividend, is viewed as a capital allocation decision, based on the actual and expected amounts of excess capital relative to our target capital ratios and the conclusions of regular reviews of capital deployment alternatives. We have therefore announced a new share buy-back programme of EUR 1 billion, to be completed by 30 June 2007 at the latest. In line with our policy, we will also neutralise the dilutive effect of the 2006 final stock dividend as well as of the

2007 interim stock dividend. We are confident that we will achieve a core tier 1 ratio of 6% and a tier 1 ratio of 8% by the end of 2007. This still leaves ample room for the funding of profitable organic growth opportunities.

The year 2007 will be a very important year for the Group. We have set ourselves an ambitious, yet realistic target and we are fully committed to delivering on this target. For the year 2007 we expect overall market conditions to remain good. For the first quarter we expect revenues to be slightly held back by what is traditionally the weakest quarter of the year for BU Global Clients, BU Latin America and Antonveneta.

Nevertheless, we are confident that 2007 will indeed be a year of delivery.

Yours faithfully,

Rijkman Groenink
Chairman of the Managing Board

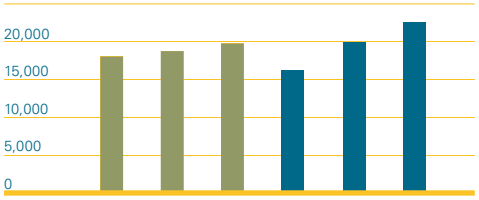
Amsterdam, 14 March 2007

Figures at a glance

These figures have been prepared to conform with Dutch GAAP.

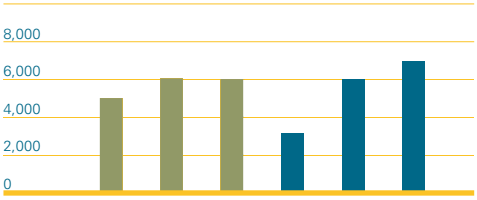
These figures have been prepared based on non-GAAP measures. Please refer to the MD&A section for details.

Operating income *(in millions of euros)*



2002	2003	2004	2004	2005	2006
18,280	18,793	19,793	16,286	18,946	**22,658**

Operating result *(in millions of euros)*



2002	2003	2004	2004	2005	2006
5,132	6,208	6,106	3,605	6,011	**6,884**

Operating income 2006 per BU *(in %)*

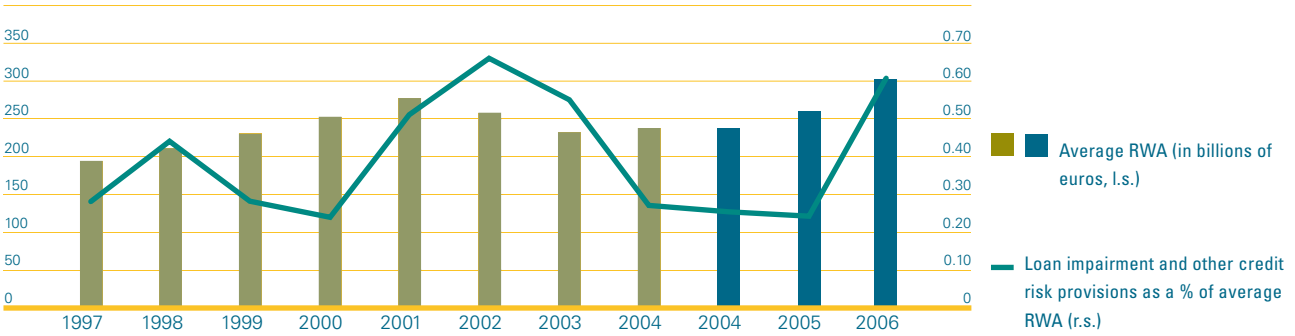
- Netherlands: 20.5%
- Europe (incl. Antonveneta): 15.1%
- North America: 16.5%
- Latin America: 16.5%
- Asia: 6.7%
- Global Clients: 10.6%
- Private Clients: 6.1%
- Asset Management: 3.7%
- Private Equity: 2.1%
- Group Functions / Services: 2.2%

Operating result 2006 per BU *(in %)*

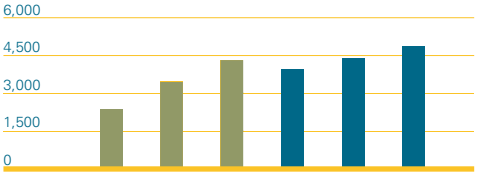
- Netherlands: 22.1%
- Europe (incl. Antonveneta): 9.7%
- North America: 18.7%
- Latin America: 22.1%
- Asia: 6.2%
- Global Clients: 3.9%
- Private Clients: 6.3%
- Asset Management: 4.4%
- Private Equity: 5.6%
- Group Functions / Services: 1.0%

Loan impairment and other credit risk provisions as a % of average risk-weighted assets (RWA)

	1997	1998	1999	2000	2001	2002	2003	2004	2004	2005	**2006**
Average RWA *(in billions of euros)*	193	212	231	255	279	257	232	239	239	260	**302**
Loan impairment and other credit risk provisions *(in millions of euros)*	547	941	653	617	1,426	1,695	1,274	653	607	635	**1,855**
Loan impairment and other credit risk provisions as a % of average RWA	0.28	0.44	0.28	0.24	0.51	0.66	0.55	0.27	0.25	0.24	**0.61**

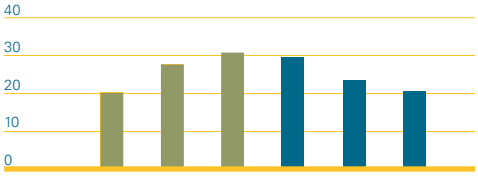


Profit for the year *(in millions of euros)*



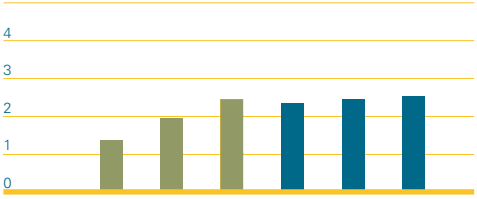
2002	2003	2004	2004	2005	2006
2,415	3,415	4,380	3,940	4,443	**4,780**

Return on equity *(in %)*



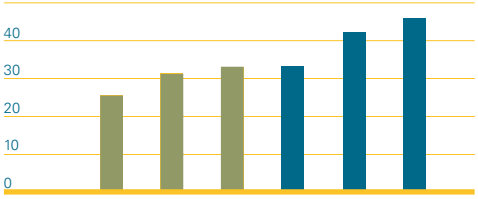
2002	2003	2004	2004	2005	2006
20.1	27.7	30.8	29.7	23.5	**20.7**

Earnings per share *(in euros)*



2002	2003	2004	2004	2005	2006
1.39	1.94	2.45	2.33	2.43	**2.50**

Market capitalisation *(year-end, in billions of euros)*



2002	2003	2004	2004	2005	2006
25.5	31.2	33.3	33.3	42.3	**45.9**

These figures have been prepared to conform with Dutch GAAP.

These figures have been prepared based on non-GAAP measures. Please refer to the MD&A section for details.

Balance sheet

	2002	2003	2004	2004	2005	**2006**
Total assets	556.0	560.4	608.6	727.5	880.8	**987.1**
Equity attributable to shareholders of the parent company	11.1	13.0	15.0	14.8	22.2	**23.6**
Group capital **1**	30.4	31.8	33.0	33.2	43.2	**45.1**
Risk-weigthed assets	229.6	223.8	231.4	231.6	257.9	**280.7**

1 *For the component parts of Group capital, please refer to page 128.*

Our strategy

As an international bank with European roots, ABN AMRO focuses on consumer, commercial, and private banking activities. Our business mix gives us a competitive edge in our chosen markets and client segments. Our clients are the prime beneficiaries of our relationship-based business approach, which we apply through our Business Units (BUs).

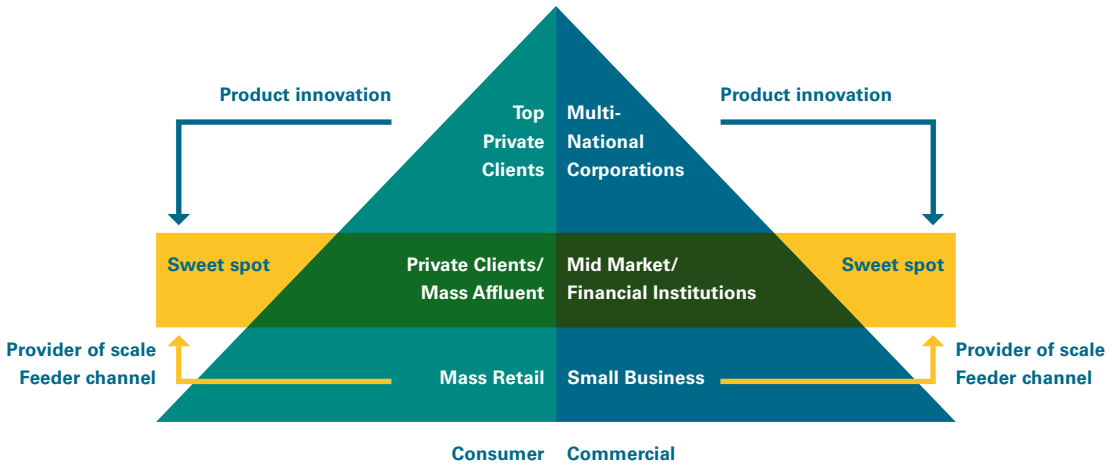
Our growth strategy is to build on ABN AMRO's strong position with mid-market clients, and to provide clients in this segment with high-quality and innovative products and services from across the Group. In other words, our strategy is aimed at combining local client intimacy and global product excellence.

We serve our mid-market consumer and commercial clients – the bank's 'sweet spot' client segments – primarily through our five regional Client BUs: the Netherlands, Europe (including Antonveneta in Italy), North America, Latin America and Asia.

The consumer mid-market segment includes mass affluent customers served by our regional Client BUs, as well as the majority of our private banking clients served by BU Private Clients. The commercial mid-market segment includes a significant number of medium-to-large companies and financial institutions served through our regional Client BUs.

These clients typically require a local banking relationship, an extensive and competitive product suite, an international network, efficient delivery, and, for corporates, sector knowledge.
With our range of businesses and capabilities we can deliver on all of these requirements, in many cases uniquely so.

The dominance of the mid-market in our strategy does not diminish the importance of the top and bottom end of our client pyramid. In serving our top private banking clients, we are able to develop innovative investment products that can later be offered to our mid-market consumer clients as well. At the same time, serving large multinational corporations enables us to strengthen our industry knowledge and product innovation, both of which will eventually benefit our mid-market commercial clients. Both the



mass retail segment and the small business segment deliver the necessary scale and act as a feeder channel for future mid-market clients.

We aim to continue to improve our strategic position by winning more clients in our chosen markets and client segments, and by making carefully targeted investments that enhance our corresponding product capabilities. Our activities in Italy and the emerging markets in Europe and Asia are clear examples of how our growth strategy is applied.

The acquisition and integration of Antonveneta, a new part of ABN AMRO, was completed in 2006. This acquisition further increases our footprint in the promising Italian market. Meanwhile, the BUs Europe and Asia are successfully exploiting the attractive opportunities that are opening up in several emerging markets. BU Asia is focusing specifically on Greater China (encompassing the People's Republic of China, Hong Kong and Taiwan), India, Pakistan, Singapore and Indonesia.

Supervisory Board

In 2006 ABN AMRO went through a transition phase in which the new Group structure was implemented and the integration of Antonveneta was completed.

Good revenue growth of almost 20% was driven by the integration of Antonveneta, organic growth in all regions and a strong performance of BU Global Markets. Operating expenses, however, grew faster than revenues, partly offsetting the operating result growth of 14.5%. Higher loan impairments affected the profit attributable to our shareholders, which increased 7.6% to EUR 4.7 billion. Earnings per share marginally increased to EUR 2.50 (including gains on disposals and restructuring charges).

Financial statements and dividend proposal

This Annual Report includes the financial statements, which were signed by the Managing Board and the Supervisory Board and subsequently audited by Ernst & Young. We propose to shareholders that they adopt the 2006 financial statements and discharge the Managing Board and Supervisory Board in respect of their management and supervision respectively. Upon adoption of the financial statements and the dividend proposal, ordinary shareholders will receive a dividend of EUR 1.15 per ordinary share of EUR 0.56, each with a stock dividend option. An interim dividend of EUR 0.55 has already been declared, leaving a final dividend of EUR 0.60 per ordinary share.

Composition of the Supervisory Board

Mr Kramer and Mr Randa were appointed to the Supervisory Board for a term of four years with effect from 27 April 2006, the date of our 2006 Annual General Meeting of Shareholders.

On that same date, Mr Loudon and Mr Burgmans stepped down as Chairman and member, respectively, of the Supervisory Board. Furthermore, Mr Martinez was re-elected to the Supervisory Board and succeeded Mr Loudon as Chairman; Mr Olijslager became Vice Chairman.

Mrs Groenman's current term as Supervisory Board member will end on 26 April 2007, the date of our 2007 Annual General Meeting of Shareholders. She will not seek re-election. The current terms of Messrs De Rothschild, Pratini de Moraes, Scaroni and Lord Sharman of Redlynch will also end on 26 April 2007. They will stand for re-election.

Composition of the Managing Board

Mr de Swaan retired from the Managing Board with effect from 1 May 2006.
Mr Collee stepped down from the Managing Board on 31 December 2006.

The responsibilities of the members of the Managing Board are as follows:

- Rijkman Groenink
  Chairman of the Managing Board, Group Audit, Group Compliance & Legal, Group Human Resources

- Wilco Jiskoot
  BU Netherlands, BU Private Clients, BU Global Clients, BU Asset Management, Private Equity

- Joost Kuiper
  BU North America, Chairman Group Business Committee

- Hugh Scott-Barrett
  Chief Financial Officer, Group Finance, Group Strategic Decision Support, Investor Relations, Group Communications, Group Public Affairs

- Huibert Boumeester
  Group Risk Management, Corporate Development, Group M&A portfolio, Antonveneta

- Piero Overmars
  BU Asia, BU Europe, BU Global Markets, Chairman Commercial Client Segment

- Ron Teerlink
  BU Latin America, BU Transaction Banking, Services, Market Infrastructures, Chairman Consumer Client Segment.

Senior Executive Vice Presidents

The Managing Board consulted the Supervisory Board on the appointment as Senior Executive Vice President of Pauline van der Meer Mohr (Group Human Resources) with effect from 1 June 2006; of Lars Gustavsson (Services) with effect from 1 July 2006; of Michiel de Jong (BU Europe) with effect from 1 September 2006; and of Chris Vogelzang (BU Private Clients) and Piero Montani (Antonveneta) with effect from 1 January 2007. As a result of these appointments and some organisational changes and retirements, the number of Senior Executive Vice Presidents increased by two to 22.

Full Board activities

The Supervisory Board met on eight occasions during the period under review. All meetings were plenary sessions together with the full Managing Board. Five of these plenary meetings were preceded by executive sessions of the Supervisory Board only.

In accordance with best practice provision III.1.5 of the Dutch Corporate Governance Code, we hereby report that Mr Scaroni has not been able to attend three of the eight meetings of the Supervisory Board. In all instances external circumstances made it impossible for him to attend. It is common practice within the Supervisory Board to consider absence from three Supervisory Board meetings in a year as constituting 'frequent' absence.

During its executive sessions, the Supervisory Board evaluated its own composition, its functioning and the functioning of its individual members and discussed its conclusions. In addition, the Supervisory Board evaluated the functioning of the Managing Board and the performance and remuneration of its individual members and discussed its conclusions.

The Chairman and the Company Secretary prepared the agenda for the meetings of the Supervisory Board with the assistance of the Chairman of the Managing Board. Regular agenda items included aspects of the corporate strategy such as acquisitions and divestments, compliance and regulatory issues, financial performance, risks, the result of the assessment by the Managing Board of the structure and operation of the internal risk management and control systems, BU strategies, performance contracts, corporate governance and the organisational structure including senior appointments.

The financial performance of the bank was discussed extensively at the Supervisory Board meetings preceding the publication of quarterly or (semi-)annual results. Relevant executives and internal and external auditors participated in these discussions. These meetings were preceded by meetings of the Audit Committee, which advised the full Supervisory Board on the approval of the financial results. Comprehensive information

provided by the Managing Board and reviewed by the Audit Committee with the assistance of internal and external auditors gave the Supervisory Board a clear picture of the bank's risks, results, capital and liquidity position, both absolutely and relative to agreed targets and the bank's chosen peer group. The Supervisory Board committees continued to report their deliberations and findings to the full Board for further discussion.

At its January meeting the Supervisory Board reviewed and approved the Group Performance Contracts for 2006-2009 as well as the 2006 Group Strategic Agenda. The results of an external Board review were presented, leading to further measures to improve the effectiveness of the Supervisory Board. At its February meeting the Board reviewed its composition and decided on the compensation of the Managing Board and its own members. As well as reviewing and approving the 2005 Annual Report and related reports, at its March meeting the Board discussed the integration of Antonveneta and the 2005 Sustainability Report. At its May meeting the Supervisory Board reviewed in-depth progress made on the Orders received in December 2005 from the Dutch Central Bank (DNB), the US Federal Reserve Board and other US regulators in connection with the New York clearing operations' deficiencies and OFAC compliance procedures. The Group strategy was reviewed in depth during a special session in July. At its October meeting the Board performed an evaluation of its own profile, scope and composition.

Audit Committee activities

The Audit Committee of the Supervisory Board is currently chaired by Lord Sharman of Redlynch. Its other members are Mr Martinez, Mr Pratini de Moraes and Mr Olijslager.

The members collectively have adequate accounting and financial management expertise to understand the company's business, financial statements and risk profile. In addition, the Supervisory Board has determined that both Lord Sharman of Redlynch and Mr Martinez possess the necessary relevant expertise in financial administration and accounting for listed companies and other large companies and therefore qualify as financial experts within the meaning of the Dutch Corporate Governance Code. The Supervisory Board has also determined that both Lord Sharman of Redlynch and Mr Martinez qualify as audit committee financial experts for the purpose of Section 407 of the Sarbanes-Oxley Act and that both are independent under the applicable US standards.

During 2006 the Audit Committee met with the Chairman of the Managing Board and the Chief Financial Officer on five occasions. Each meeting of the Audit Committee was followed by an executive session with the head of Group Audit. The Audit Committee reviewed, discussed, and advised the Supervisory Board on the annual and interim financial statements, the Annual Report, the long-form external auditors' report, the internal auditors' management letter (including the Managing Board's related comments), the structure and operation of the internal risk management and control systems, and the impact of the US Sarbanes-Oxley Act, in particular as to ABN AMRO's compliance with the requirements of Section 404 of this Act. These topics were discussed in the presence of internal and external auditors and senior representatives from Group Finance.

Ernst & Young reported on its independence to the Audit Committee. Ernst & Young has reviewed its engagements with ABN AMRO and confirmed to the Audit Committee that these have not impaired Ernst & Young's ability to act as independent auditors of ABN AMRO.

In the presence of senior representatives from Group Risk Management, the Audit Committee also reviewed and discussed ABN AMRO's overall risk profile (including Credit Risk and Country Event Risk, Interest Rate Risk, Market Risk, Operational Risk and Business Risk), the quality of the loan portfolio and the bank's large exposures and provisioning for loan losses. Litigation to which ABN AMRO is (potentially) a party was also covered during several meetings, in the presence of the head of Group Legal.

The Audit Committee reviewed, discussed and approved the Group Audit Charter. Furthermore, the Audit Committee reviewed and approved the 2006 audit plan prepared by Group Audit, as well as staff matters including training and recruitment. In addition, the Audit Committee discussed the operational and internal control aspects covered by Group Audit in its audit.

In 2006, the Audit Committee reviewed its pre-approval policy for audit services by the external auditor. Following this review, the Audit Committee pre-approved the nature and the budget for audit, audit-related and non-audit services, in line with this policy.

Nomination & Compensation Committee activities

The membership of the Nomination & Compensation Committee of the Supervisory Board changed in 2006. Mr Loudon resigned from the Supervisory Board with effect from 27 April 2006 and subsequently also stepped down from the Nomination & Compensation Committee. Mr Martinez succeeded Mr Loudon as Committee chairman. Mr Burgmans also resigned from the Supervisory Board with effect from 27 April 2006 and therefore ceased to be a member of the Nomination & Compensation Committee. He was replaced by Mr Ruys as committee member.

With effect from 27 April 2006, the Nomination & Compensation Committee consists of the following three members: Mr Martinez (chairman), Mrs Maas-de Brouwer and Mr Ruys.

During 2006, the Nomination & Compensation Committee prepared several proposals for consideration by the Supervisory Board. The Chairman of the Managing Board and the head of Group Human Resources are invited to the committee's meetings to discuss relevant issues, such as the Managing Board's composition, succession planning and compensation.

The Nomination & Compensation Committee met four times in 2006. As in previous years the committee was assisted by Towers Perrin, an external remuneration consultancy, which provides the committee with market-related information and professional advice on commonly applied reward elements, best practice and expected developments. These services to the Nomination & Compensation Committee are provided under an arrangement that is separate from Towers Perrin's other consultancy services to ABN AMRO.

Basic reward philosophy

Two principles guide the compensation policy that applies to Managing Board members. Firstly, the package must be competitive so that ABN AMRO can recruit both internally and externally and retain expert and experienced Managing Board members. Secondly, there must be a strong emphasis on actual performance against demanding short-term and longer-term targets.

The Managing Board reward package as it became effective in 2005 consisted of three main direct elements of reward: salary, bonus and the expected value of long-term incentive awards, each with an approximately equal weight. In 2005 the Nomination &

Compensation Committee reviewed the structure of the remuneration package in light of the Managing Board compensation policy principles outlined above and of the practices observed among our main competitors. These are defined as other major Dutch companies and other European-parented banks. As a result of this review, the Nomination & Compensation Committee believed that, going forward, it would be necessary to increase the annual bonus opportunity in order to bring it more in line with our competitors, aiming primarily at the median level. The Supervisory Board proposed an increase in the bonus percentage for 'on target' performance to 150% of the Managing Board members' base salary on the basis of quantitative criteria. An increase in the maximum bonus from 125% to 200% was proposed, and this proposal was approved by the General Meeting of Shareholders on 27 April 2006. It was implemented retroactively from 1 January 2006.

2006 reward package

Base salary

The base salary of our Managing Board members is compatible with the base salaries of the managing boards of a European benchmark peer group and also in line with the salary structure for all ABN AMRO's top executives. With effect from 1 January 2006 the Managing Board salaries were adjusted upwards by 1.5% to compensate for the effects of inflation.

Cash bonus

The cash bonus that applies to our Managing Board members is expressed as a percentage of their base salary and based on stretching performance targets for the relevant year, set within the framework of the long-term financial targets of the Group. The Nomination & Compensation Committee decided that with effect from 2006 all individual Managing Board members' performance will be assessed for 100% against the quantitative Group targets. The previous links to the various BU targets were abandoned.

The bonus outcome on the basis of these objectives will be based on the following schedule:

Rating 1	– substantially below target	– 0%
Rating 2	– close to target	– 0-150%
Rating 3	– on target	– 150%
Rating 4	– well above target	– 150-200%

When the bonus will be set on the assessment of the quantitative targets, the Nomination & Compensation Committee reserves the discretion to adjust the bonus outcome within a band of plus or minus 20% of annual gross salary on the basis of the assessment of the qualitative criteria that have been set.

2006 bonus

The review of performance delivery against the stated objectives for 2006 took place in the Nomination & Compensation Committee's meeting on 6 February 2007. The performance of the Managing Board members was measured against pre-set quantitative objectives for the 2006 performance year.

The *quantitative* objectives that were used for the 2006 bonus-setting process include economic profit, efficiency ratio and operating result. All three of these objectives are aimed at growth and profitability and carry an equal weighting of one-third.

While actual economic profit performance was above target, the remaining two objectives were not achieved. The Nomination & Compensation Committee therefore concluded that the three quantitative objectives were not fully met.

The committee determined that the two Group *qualitative* objectives that were set for

2006, Compliance and Leadership-Employee Engagement, had been met and that the Managing Board members' individually set qualitative objectives had, all in all, been met as well. On assessment of the qualitative objectives, the committee decided not to use its discretion to differentiate the size of the individual bonus payments.

Based on its overall assessment, the Nomination & Compensation Committee decided to award the Chairman and the members of the Managing Board an equal bonus, representing 125% of annual base salary. This percentage fits in the bonus range of 0-150% that the committee uses to reward performance 'close to target'.

The bonuses for the Managing Board members who left ABN AMRO in 2006 were also set at 125% for the period of their active performance in 2006.

The bonuses were approved by the Supervisory Board on 6 February 2007. Details of the 2006 reward packages are included in note 43 to the financial statements, starting on page 131.

Future reward package

In 2006 the Nomination & Compensation Committee reviewed the structure of the Managing Board's remuneration package. The base salary and bonus arrangements that were introduced in 2006 are broadly in line with the practices among ABN AMRO's competitor group.

To reflect inflation, the Nomination & Compensation Committee decided to adjust the Managing Board's salaries upward by 1% with effect from 1 January 2007. The rounded off salaries for 2007 will be EUR 666,500 for the members of the Managing Board and EUR 933,000 for the Chairman.

Long-term incentive awards

At the start of 2007 the Nomination & Compensation Committee reconsidered the long-term incentive awards for the Managing Board that had been in place since 2005, as developments over the past two years indicated that in order to retain the balance in the reward package, an upward adjustment might be warranted. The committee also reconsidered the performance criteria on which the awards were based.

With effect from 2005, the long-term incentive awards consist of the Performance Share Plan, which has a direct link to the long-term financial targets of the Group, and the Share Investment & Matching Plan.

In 2005, the number of shares under the Performance Share Plan was fixed at 60,000 shares for each member of the Managing Board and 84,000 shares for the Chairman. Under the 2005 Share Investment & Matching Plan, Managing Board members are eligible for a one-for-one matching share award if they apply part of their annual bonus (up to a maximum of 25% of their base salary) to the acquisition of shares in ABN AMRO and retain these shares for a period of at least three years.

At the request of the Nomination & Compensation Committee, Towers Perrin advised on the basis of their standard valuation methodology that the combined expected value of the Performance Share Plan and Share Investment & Matching Plan awards falls below the committee's intended level. The awards are also below the average level of awards provided by other European-parented banks, against which reward levels are measured.

The Nomination & Compensation Committee therefore proposes to increase by 25% the number of shares awarded under the Performance Share Plan in 2007. The proposed

award levels are 75,000 shares for each member of the Managing Board and 105,000 shares for the Chairman. The Share Investment & Matching Plan arrangements will remain unchanged.

With regard to the performance criteria on which the long-term incentive awards are based, the Nomination & Compensation Committee intends to continue to apply both relative total shareholder return and return on equity measures under the Performance Share Plan. The committee also believes that it will be valuable to introduce into the Performance Share Plan an element that is explicitly linked to sustained growth in ABN AMRO's earnings per share.

The Nomination & Compensation Committee therefore proposes that, for the performance cycle beginning in 2007, one-third of the Performance Share Plan award should be based on relative total shareholder return, one-third on return on equity and one-third on earnings per share growth.

Succession planning

During the year, the Nomination & Compensation Committee and the full Supervisory Board discussed the subject of Managing Board succession planning. In 2006 the structure of the Group was altered, and the composition of the Managing Board and responsibilities of some its members were changed. On 1 May 2006 Mr de Swaan retired, reducing the number of Managing Board members to eight. Against the background of the alterations in the Group's structure, Mr Collee and the Managing Board reached mutual agreement to part company as per 31 December 2006. As a result, with effect from 1 January 2007 the Managing Board consists of seven members.

In 2007, the Nomination & Compensation Committee will continue to examine the composition of the Managing Board, its future replacement needs and the development of the talent pipeline of potential new Managing Board members.

Compliance Oversight Committee activities

The membership of the Compliance Oversight Committee of the Supervisory Board changed in 2006. Mr Burgmans resigned from the Supervisory Board with effect from 27 April 2006 and subsequently also stepped down from the Compliance Oversight Committee. Mr Burgmans was replaced by Mr Van den Bergh as committee member. With effect from 27 April 2006, the Compliance Oversight Committee consists of the following three members: Mr Martinez (Chairman), Mrs Maas-de Brouwer and Mr Van den Bergh.

The Compliance Oversight Committee met six times in 2006. Each committee meeting was followed by an executive session with the head of Group Compliance & Legal. During its meetings in 2006, the Compliance Oversight Committee discussed and closely monitored the actions following the Enforcement Actions against ABN AMRO by US and Dutch regulators. Specific attention was paid to the US Law Compliance Program and the US Branches Activity Reports. On a quarterly basis the Compliance Oversight Committee discussed the Group Compliance Reports, elaborating on global regulatory developments and key Group Compliance initiatives such as the Mindset Programme, Compliance Risk Assessment and issues with regard to client acceptance and anti-money laundering (CAAML). All three committee members undertook the CAAML training provided by Group Compliance and passed the ensuing test.

In line with its Charter, in 2006 the Compliance Oversight Committee for the first time conducted a self-assessment of its effectiveness. It was concluded that the Compliance Oversight Committee effectively

supervised, monitored, and advised the Managing Board on the effects of the internal risk management and control systems. In addition, the Compliance Oversight Committee effectively communicated the importance of compliance to the Managing Board and supervised the Managing Board's communications regarding the importance of compliance to the rest of the bank. The Compliance Oversight Committee also reviewed and discussed ABN AMRO's risk profile at length.

Contacts with Dutch Central Works Council

In accordance with the covenant concluded in 2003 with the Dutch Central Works Council (CWC), the Supervisory Board members responsible for Dutch affairs in relation to the CWC – Mr Loudon and Mr Ruys – attended three meetings of the CWC by rotation. Mr Loudon also had a constructive meeting with representatives of the CWC on the composition of the Supervisory Board and on the nomination of two new members.

A joint meeting of the Supervisory Board, the Managing Board and the CWC was held on 13 March 2007.

Amsterdam, 14 March 2007

Supervisory Board

Arthur Martinez (Chairman)
André Olijslager (Vice Chairman)
Louise Groenman
David Baron de Rothschild
Trude Maas-de Brouwer
Marcus Pratini de Moraes
Paolo Scaroni
Lord Sharman of Redlynch
Rob van den Bergh
Anthony Ruys
Gert-Jan Kramer
Gerhard Randa

RESPONSIBILITIES

Corporate governance

Corporate governance at ABN AMRO is defined by the way we organise and conduct the relationship between the Managing Board, the Supervisory Board and our shareholders.

For ABN AMRO, good corporate governance is critical to our ability to realise our strategic goal of creating sustainable long-term value for all our stakeholders – including our shareholders, our clients, our employees and society at large. It is the foundation of our licence to operate.

In order to achieve good corporate governance, we organise the company in a way that promotes first-class entrepreneurship by the Managing Board and effective supervision by the Supervisory Board. Integrity, transparency and accountability are key elements of our corporate governance, as they are in our business as a whole. These key elements ensure that the controls and oversight necessary for effective risk management, proper compliance with regulations, and accurate and complete disclosure of information to the market are in place and functioning well.
Our guiding compass in these matters is provided by our Corporate Values and Business Principles, which constitute ABN AMRO's 'code of ethics'.

As a Netherlands-based and listed company, we adhere to the Dutch Corporate Governance Code. Also, as a company registered with the US Securities and Exchange Commission (SEC) and listed on the New York Stock Exchange, we are subject to US securities laws and the applicable corporate governance rules imposed by the New York Stock Exchange.

Corporate governance in the Netherlands

ABN AMRO Holding N.V. and ABN AMRO Bank N.V. are public companies with limited liability incorporated under the laws of the Netherlands. Both companies have a two-tier system of corporate governance, consisting of a Supervisory Board and a Managing Board. The day-to-day management of the companies is vested with the Managing Board.

The memberships of the Supervisory Boards of ABN AMRO Holding N.V. and ABN AMRO Bank N.V. are the same, as are the memberships of the Managing Boards of ABN AMRO Holding N.V. and ABN AMRO Bank N.V.

Supervisory Board

ABN AMRO Holding N.V.'s Supervisory Board supervises the policy conducted by the Managing Board, as well as the company's general course of affairs and its business. In addition, it is charged with assisting and advising management. In performing their duties, the members of the Supervisory Board are guided by the interests of the company and the enterprise connected with it. Certain powers are vested with the Supervisory Board, including the approval of certain resolutions by the Managing Board.

The Supervisory Board is an independent body. Members of the Supervisory Board are appointed by the General Meeting of Shareholders. The Supervisory Board nominates one or more candidates for each vacant seat. Details of the Supervisory Board's nomination process can be found on page 31.

Supervisory Board members are appointed for a term of four years and may be re-appointed after that term. Members of

the Supervisory Board may serve a maximum term of 12 years from the date of their first appointment. In principle, each member agrees to retire by the day on which the annual General Meeting of Shareholders is held in the year in which he or she reaches the age of 70.

Candidates recommended for appointment or reappointment to the Supervisory Board should meet the criteria of the membership profile, which are set out in the Rules Governing the Supervisory Board's Principles and Best Practices of ABN AMRO Holding N.V. In order to ensure the Supervisory Board's independence, we apply the criteria of independence as set out in the Dutch Corporate Governance Code.

All members of the Supervisory Board must be independent, with the exception of no more than one. All current members of the Supervisory Board qualify as independent. For more information about the Supervisory Board's independence criteria, please refer to our website at www.abnamro.com.

Supervisory Board members may not represent particular interests. If an interest of a member of the Supervisory Board conflicts with that of the company, the Chairman of the Supervisory Board shall be notified. Details of the Supervisory Board's remuneration package can be found in note 43 to the financial statements, starting on page 131.

The Chairman and Vice Chairman are appointed by the Supervisory Board from among its members. The Supervisory Board also appoints from its members the Audit Committee of at least four members, the Nomination & Compensation Committee of at least three members and the Compliance Oversight Committee of at least three members. The committee members are appointed until further notice.

The Rules Governing the Supervisory Board's Principles and Best Practices of ABN AMRO Holding N.V. are available on our website at www.abnamro.com. These rules also include the terms of reference of the Audit Committee, the Nomination & Compensation Committee, and the Compliance Oversight Committee.

On our website you may also find a detailed curriculum vitae of each of the Supervisory Board members. In addition, a curriculum vitae for each new member of the Supervisory Board is included in ABN AMRO Holding N.V.'s Annual Report published in the year in which he or she is appointed.

Audit Committee

The Audit Committee of the Supervisory Board reviews and advises the Supervisory Board and subsequently the Managing Board on the quarterly statements, the Annual Report, the annual financial statements, and the internal and external auditors' management letters. It regularly reviews the overall risk profile, the quality of the loan portfolio and the bank's large exposures. In addition, the Audit Committee reviews the consistency of our accounting policies, the internal audit function, the Group Audit Charter, and the internal risk management and control systems. The Audit Committee also reviews our risk management policy, and reports on litigation and acquisitions. In accordance with the Group Audit Charter, the head of Group Audit has a direct reporting line to the chairman of the Audit Committee.

Auditor independence is a particularly important issue for the Audit Committee. It formally evaluates the independence of the external auditor, the measures used to control the quality of the external auditor's work, and the annual audit budget. The Audit Committee's policy on auditor independence governs the appointment, compensation and oversight of the external auditor. The external

audit firm is appointed or reappointed by the General Meeting of Shareholders for a period of five years on the advice of the Supervisory Board. To ensure its independence, the Auditor Independence Policy prohibits the external auditor from providing certain non-audit services to us.

The Audit Committee is responsible for pre-approving audit, audit-related and permitted non-audit services provided by the external auditor. In exercising its pre-approval authority, the Audit Committee considers whether the proposed services are consistent with the continued independence of the external auditor. Both the Auditor Independence Policy and the Audit Committee Pre-Approval Policy for External Audit Firm Services can be viewed on our website at www.abnamro.com.

Nomination & Compensation Committee

The tasks and responsibilities of the Nomination & Compensation Committee of the Supervisory Board can be divided into tasks related to nomination and to compensation.

Its nomination responsibilities include preparing for the selection and nomination of members of the Supervisory and Managing Boards by preparing and periodically reviewing the succession plans of these Boards on the basis of agreed profiles. The granting of the title of Senior Executive Vice President to eligible persons and the management development programmes for top executives are also discussed in the Nomination & Compensation Committee. Where relevant, the Nomination & Compensation Committee informs the full Supervisory Board.
The Nomination & Compensation Committee also acts on reward and performance issues. Standards and criteria for performance are defined, and on that basis the performance of the members of both Boards is reviewed periodically. The framework, concept and content of compensation and benefits, pension schemes and other relevant schemes are discussed and decided. Resolutions concerning the remuneration policies for the Managing Board are submitted to the full Supervisory Board and are then put forward for adoption by the General Meeting of Shareholders. On an annual basis the Nomination & Compensation Committee prepares a report on the remuneration and implementation of these policies in the relevant financial year.

Compliance Oversight Committee

The role of the Compliance Oversight Committee of the Supervisory Board is to supervise ABN AMRO's compliance organisation, activities and risk profile. More specifically, the committee is responsible for supervising and monitoring – and advising the Managing Board on – the effects of internal risk management and control systems relating to compliance. These duties include supervising the enforcement of the relevant legislation and regulations, and overseeing the implementation of codes of conduct.
The Compliance Oversight Committee is also responsible – along with the full Supervisory Board – for emphasising the importance of compliance to the Managing Board and the bank as a whole, and for overseeing the Managing Board's communications with the bank about the importance of compliance.

The Compliance Oversight Committee discusses the bank's compliance risk profile on a regular basis. In addition, it reviews the compliance plan developed by the Compliance Policy Committee and approved by the Managing Board, and monitors its implementation. The Compliance Oversight Committee is also responsible for supervising the functioning of Group Compliance, and, in particular, for ensuring that Group Compliance is appropriately staffed, compensated, resourced, and supported by other units of the bank. The head of Group

Compliance & Legal has a direct reporting line to the Chairman of the Compliance Oversight Committee.

One of the Compliance Oversight Committee's specific duties, subject to the ultimate decision of the full Supervisory Board, is to take charge of any remedial actions and/or disciplinary proceedings against members of the Managing Board for breaches of compliance policies, and to provide oversight of any disciplinary processes against other company employees for breaches of compliance policies.

The Compliance Oversight Committee plays an important role in establishing a tone from the top that emphasises a zero tolerance and non-negotiable approach to compliance and ensures that ABN AMRO establishes and maintains a robust, independent compliance function. In addition the Compliance Oversight Committee monitors progress towards meeting ABN AMRO's commitments under the enforcement actions, serving as a forum for concentrating attention on compliance issues and reporting on compliance issues to the full Supervisory Board.

Managing Board

The members of the Managing Board of ABN AMRO Holding N.V. collectively manage the company and are responsible for its strategy, structure and performance. The members are appointed by the General Meeting of Shareholders. The Supervisory Board shall nominate one or more candidates for each vacant seat. If the Supervisory Board nominates two or more candidates for a vacant seat, the nomination list is binding. However, the General Meeting of Shareholders may resolve that such a list is not binding by a vote of at least two-thirds of the votes, which must also represent more than half of the economic value of the issued capital. Such a majority vote is also required to appoint a Managing Board member, other than in accordance with a binding or non-binding nomination by the Supervisory Board. The members of the Managing Board are accountable both collectively and individually for all decisions taken by the Managing Board.

The Chairman of the Managing Board leads the Board in its overall management of the company to achieve its performance goals and ambitions. The Chairman is the main point of liaison with the Supervisory Board. The Chief Financial Officer is responsible for the financial affairs of the company, and the Chief Risk Officer is responsible for the company's risk management and operational risk control. Alongside their overall corporate responsibilities, the members of the Managing Board have specific responsibilities for one or more divisions of ABN AMRO (BUs, Group Functions, Services, Segments). The Managing Board has delegated certain tasks to committees.

The management of the BUs, Group Functions and Services is delegated to management teams. These management teams consist of one or more Senior Executive Vice Presidents and Executive Vice Presidents. A broader leadership and execution team, the Group Business Committee, is responsible for the leadership of initiatives developed by the cross-BU Client Segments, regional BUs, Product BUs and Services to grow the value of the Group. The Group Business Committee consists of four Managing Board members who are responsible for the BUs, and 11 Senior Executive Vice Presidents.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code (the Code) took effect on 1 January 2004. ABN AMRO's Corporate Governance Supplement for 2006, in which we report on

our compliance with the Code, can be viewed on our website at www.abnamro.com.

We are pleased to confirm that we – and, where relevant, the Trust Office – apply the principles and (applicable) best practice provisions of the Code, with the exception of the following best practice provisions: II.1.1, II.2.7, III.5.11 and IV.1.1. It remains our belief that it is in our best interest and in the best interest of our various stakeholders, to apply different best practices in these specific areas. Our explanations for this have remained materially unchanged, but they are repeated below for the purpose of clarity.

Best practice provision II.1.1 states that a managing board member is appointed for a maximum period of four years and that a member may be reappointed for a term of not more than four years at a time.
The current members of our Managing Board, with the exception of Mr Boumeester, Mr Overmars and Mr Teerlink, have been appointed for an indefinite period in accordance with the statutory obligations applicable at the time of their appointment.
We apply best practice provision II.1.1 if and when new members of the Managing Board are appointed. The appointments of Mr Boumeester, Mr Overmars and Mr Teerlink to the Managing Board with effect from 1 January 2006 is in line with best practice provision II.1.1, as these new members of the Managing Board have been appointed for a maximum period of four years and may be reappointed for a term of not more than four years at a time.

Best practice provision II.2.7 states that the maximum remuneration in the event of dismissal is one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a managing board member who is dismissed during his first term of office, this board member shall be eligible for a severance payment not exceeding twice the annual salary.
The employment contracts of the current members of our Managing Board that were already in place as at 1 January 2004 (the date on which the Dutch Corporate Governance Code took effect) remain unchanged. The Supervisory Board intends to interpret the redundancy scheme as set out in these employment contracts in accordance with best practice provision II.2.7.

For new members of the Managing Board we do not fully apply this best practice provision. The underlying employment contracts of the three members who were appointed to the Managing Board with effect from 1 January 2006, which are Senior Executive Vice President employment contracts under Dutch law, continue. However, all entitlements under these contracts, including the entitlements under the redundancy clause, have been suspended during membership of the Managing Board, and replaced by another employment contract applicable to Managing Board members. We have not included a redundancy clause in these contracts and shall apply best practice provision II.2.7 as follows: in the event of a termination of the Managing Board membership, the suspended employment contract will be reinstated. If it is deemed necessary to terminate that contract in the future, this will happen in accordance with Dutch labour law.

Best practice provision III.5.11 states that the remuneration committee shall not be chaired by the chairman of the supervisory board or by a former member of the management board of the company, or by a supervisory board member who is a member of the managing board of another listed company.
As stated under best practice provision III.5.1 in our Corporate Governance Supplement 2006, which can be viewed on our website at

www.abnamro.com, our Supervisory Board has a combined remuneration and selection / appointment committee, entitled the Nomination & Compensation Committee. As we attach great value to the coordinating role of the Chairman of the Supervisory Board, especially in respect of the selection and nomination process of Supervisory Board and Managing Board members, the Chairman of the Supervisory Board will continue to chair the Nomination & Compensation Committee.

*Best practice provision IV.1.1 states that the general meeting of shareholders of a company not having a statutory two-tier status ('*structuurregime'*) may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the managing board or of the supervisory board, and/or a resolution to dismiss a member of the managing board or of the supervisory board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one third. If the given proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.*

ABN AMRO does not have a statutory two-tier status (*'structuurregime'*). Our Supervisory Board has decided, for the time being, to make non-binding nominations for the appointment of its members and for the appointment of members of the Managing Board. This means that the appointment of a candidate for the Supervisory Board or the Managing Board – if made on the basis of a non-binding nomination – requires an absolute majority in the General Meeting of Shareholders, in which case we apply best practice provision IV.1.1. If a candidate for the Supervisory Board or the Managing Board is proposed on the basis of a binding nomination, in accordance with its Articles of Association, the binding nature of the nomination can be set aside by the General Meeting of Shareholders passing a resolution with at least a two-thirds majority of the votes cast representing more than half of the economic value of the capital. Candidates that have been nominated by the shareholders require a similar majority in order to be appointed. This means that in the event that the Supervisory Board would decide in the future to make binding nominations (or a binding nomination) or in the event of a nomination by shareholders, we would not apply best practice provision IV.1.1.

Pursuant to ABN AMRO's Articles of Association, the following procedure has to be followed for the dismissal of members of the Managing Board and Supervisory Board. A distinction is made between situations in which the Supervisory Board submits a proposal to the General Meeting of Shareholders to dismiss a member of the Managing Board or Supervisory Board and situations in which the proposal to dismiss a member of the Managing Board or Supervisory Board is submitted at the initiative of shareholders. The first of these situations requires an absolute majority of the General Meeting of Shareholders, and in this case ABN AMRO applies best practice provision IV.1.1. In the event of the second situation arising, a two-thirds majority of the votes cast, representing more than half of the economic value of the capital is required. We place great importance on the delivery of long-term shareholder value, so maintaining continuity in the management of the company is critical. For this reason, we will continue to apply the procedure with regard to the nominations for the appointment

and dismissal of Supervisory Board and Managing Board members.

Internal risk management and control systems

Best practice provision II.1.4 of the Dutch Corporate Governance Code states that the managing board shall declare in the annual report that the internal risk management and control systems are adequate and effective; it shall provide clear substantiation of this. In the annual report, the managing board shall report on the operation of the internal risk management and control system during the year under review. In doing so, it shall describe any significant changes that have been made and any major improvements that are planned, and shall confirm that they have been discussed with the audit committee and the supervisory board.

In its first report of December 2005 on compliance with the Dutch Corporate Governance Code, the Corporate Governance Code Monitoring Committee made recommendations concerning the application of best practice provision II.1.4. The Corporate Governance Code Monitoring Committee differentiates between financial reporting risks and other risks, such as operational, strategic, legislative and regulatory risks.

With regards to financial reporting risks the Managing Board declares that:

- There is reasonable assurance that ABN AMRO's financial reporting does not contain any errors of material importance
- The bank's risk management and control systems have worked properly in 2006
- There are no indications that the bank's risk management and control systems will not work properly in 2007.

The other risks, such as operational, strategic, legislative and regulatory risks, and additional risks ABN AMRO has identified and manages are described in different sections of this Annual Report, including the chapters Compliance (starting on page 35), Risk and the Capital Framework (starting on page 69) and Corporate governance (starting on page 26).

The above declaration and reference to other risks do not imply that the bank's risk management and control systems provide certainty as to the realisation of operational and financial business objectives, nor that these systems can at all times prevent misstatements, inaccuracies, errors, fraud and non-compliance with rules and regulations.

In view of the above, the Managing Board believes that best practice provision II.1.4. of the Dutch Corporate Governance Code, taking into account the recommendations of the Corporate Governance Code Monitoring Committee, is fulfilled.

ABN AMRO's internal control system is in line with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

ABN AMRO's report on internal control over financial reporting under section 404 of the US Sarbanes-Oxley Act is included in our 2006 annual report on Form 20-F as filed with the US Securities and Exchange Commission (SEC).

Shareholders' influence

With effect from June 2005, ABN AMRO Bank N.V. has changed from applying the full large company regime to applying the large company regime in its mitigated form. This means that the Managing Board of ABN AMRO Bank N.V., like its Supervisory Board, is appointed by its shareholder, ABN AMRO Holding N.V.

The (depositary receipts of) preference shares are not listed on an exchange and are administered by a trust office, 'Stichting

Administratiekantoor Preferente Financieringsaandelen ABN AMRO Holding' (the Trust Office). The voting rights on the preference shares, although formally held by the Trust Office, are exercised in practice by the depositary receipt holders, as voting proxies will be issued to the depositary receipt holders by the Trust Office under all circumstances. The Trust Office will not exercise its voting rights. The voting rights will be calculated on the basis of the equity participation of the (depositary receipts of) preference shares in proportion to the value of the ordinary shares. Voting rights on preference shares granted to a depositary receipt holder by proxy will correspond to the amount of depositary receipts held by the depositary receipt holder, in relation to the stock price of the ordinary shares on Euronext Amsterdam at the close of the last trading day in the month preceding the calling of the shareholders' meeting.

The Trust Office holds preference shares representing 100% of the total preference share capital on the basis of nominal issued share capital outstanding on 31 December 2006. The actual voting power that can be exercised on the (depositary receipts of) preference shares is approximately 1.58% of our total issued capital, based on the closing share price as at 31 December 2006.

ABN AMRO Holding N.V.'s Articles of Association allow for a number of provisions based on the legislative changes in recent years giving shareholders broader powers. These include, subject to certain conditions, the right of shareholders and/or holders of depositary receipts representing at least 1% of the economic value of the share capital, or a block of shares representing a market value of at least EUR 50,000,000, to request that additional items be included on the agenda of the annual General Meeting of Shareholders. One consequence of shareholders' increasing influence is that the shareholders of ABN AMRO Holding N.V. are entitled to approve decisions made by the Managing Board that would lead to an important change in the identity or character of our company or business. This applies in any case to resolutions concerning a) the transfer of (almost) the entire business of the company to a third party; b) entering into or breaking off a long-term cooperation; or c) acquiring or disposing of participating interests with a value of at least of one-third of the sum of assets. The General Meeting of Shareholders must also adopt the remuneration policy for the Managing Board and approve the share and option plans for the Managing Board.

Corporate governance in the United States

As an SEC-registered company, listed on the New York Stock Exchange, we are subject to US securities laws, including the Sarbanes-Oxley Act, and certain corporate governance rules imposed by the New York Stock Exchange. Following the introduction of the Sarbanes-Oxley Act, we established a Disclosure Committee that formalised the roles, tasks and disciplines that were already in place for ensuring the accuracy and completeness of information disclosed to the market.

ABN AMRO's report on internal control over financial reporting under section 404 of the US Sarbanes-Oxley Act is included in our 2006 annual report on Form 20-F as filed with the SEC.

The New York Stock Exchange listing rules

As a foreign issuer with American Depositary Shares listed on the New York Stock Exchange, ABN AMRO is allowed to follow its home country practices with respect to most corporate governance matters, but we are generally obliged to disclose any significant ways in which our corporate governance practices differ from the New York

Stock Exchange standards applicable to US companies. The main exception to this is that we must fully comply with the SEC rules relating to the composition, responsibilities and operation of audit committees.
For more information on our Supervisory Board's Audit Committee see page 27.

The following are the significant differences between ABN AMRO's corporate governance practices and the New York Stock Exchange standards applicable to US companies:

- Like many public Dutch companies, we have a two-tier governance structure. As described here in more detail, our Managing Board is composed of our principal officers and is responsible for the day-to-day management of our affairs. The Managing Board functions under the supervision of our Supervisory Board, which must approve specified decisions of the Managing Board. Members of the Managing Board and other officers and employees are excluded from membership of the Supervisory Board. Members of the Managing Board and Supervisory Board are appointed by the General Meeting of Shareholders upon a nomination by the Supervisory Board.
- Both sets of practices require that a majority of the members of the board of directors must be independent, but the relevant definitions of independence differ. In some cases ABN AMRO's definition is stricter; for example, we have a longer 'look-back' period for former executive directors. In other cases, the definition applied by the New York Stock Exchange is stricter.
- Unlike the New York Stock Exchange rules, our corporate governance practices permit the Supervisory Board's sub-committees to have a member who is not independent. At this moment, however, all members of the sub-committees of ABN AMRO's Supervisory Board are, in fact, independent.

The responsibility for our corporate governance practices lies with the Managing Board and the Supervisory Board as a whole, and is not delegated to a sub-committee of the Supervisory Board. In general, we believe that our current corporate governance practices are consistent in principle with the New York Stock Exchange standards applicable to US companies.

Compliance

ABN AMRO's compliance function provides senior management with independent oversight of the core processes and related policies and procedures that ensure that the bank conforms – in both letter and spirit – with industry-specific laws and regulations, and thereby maintains the bank's reputation. This oversight includes – but is not limited to – sanctions, monitoring of compliance standards, client acceptance and anti-money laundering, and good citizenship. The compliance function also acts in areas such as personal account dealing, conflicts of interest and the maintenance of Chinese walls.

The Managing Board is fully committed to ABN AMRO's Corporate Values in order to preserve the bank's integrity and reputation. By complying with the relevant laws and regulations in each of the markets in which it operates, ABN AMRO safeguards its reputation, its licence to operate, and its ability to create sustainable value for all stakeholders.

With effect from 1 January 2006, the Group Compliance organisation was restructured in order to align it further with ABN AMRO's new BU structure. By including Country Executives in the management of compliance issues, this development has significantly improved the bank's regulatory oversight and accountability. The new structure for compliance also places greater emphasis on global policy coordination, and on ensuring that policies are consistent across the bank's various regions.

In December 2006, ABN AMRO received the Dutch Compliance Award. This prize is awarded annually by the Dutch Compliance Institute to organisations or individuals who have developed pioneering initiatives on compliance and integrity or have developed proposals that lead to an increase in efficiency and quality of the compliance function.

Structure

The head of Group Compliance & Legal reports directly to the Chairman of the Compliance Oversight Committee of the Supervisory Board and to the Chairman of the Managing Board.

The Compliance Oversight Committee is a major component in ensuring that the bank operates with effective, enterprise-wide compliance risk management. Its role is to supervise ABN AMRO's compliance organisation, activities and risk profile.
For more information on the Compliance Oversight Committee, please refer to page 28.

The Compliance Policy Committee – the governing body responsible for the global coordination of compliance across the Group – is led by the Chairman of the Managing Board. The Compliance Policy Committee takes decisions on key compliance activities and provides broad oversight of Group Compliance. The other members of the Compliance Policy Committee are the Chief Risk Officer, the chairman of the Group Business Committee, the head of Group Compliance & Legal and the heads of Group Compliance, Group Legal, Group Risk Management, Group Audit and Group Finance.

Group Compliance tasks

In accordance with the recommendations and standards of the Basel Committee on Banking Supervision, the mandate of Group Compliance is to:

- Identify risks and regulations relevant to ABN AMRO's activities
- Design policies and procedures to minimise regulatory and reputational risk

- Advise, train and provide reports to senior management with regard to the regulations and compliance with these regulations
- Promote effective compliance and ensure or oversee follow-up actions in the event of non-compliance
- Manage regulatory inquiries and incidents.

Enforcement Actions

Our obligations under the Cease and Desist Order – whereby ABN AMRO must take all relevant measures to improve oversight and compliance in its US branches and offices governed by US law – were a top priority for Group Compliance in 2006. ABN AMRO continues to be engaged in the US Bank Secrecy Act compliance issues and related written agreement. Investigations have had, and will continue to have, an impact on the bank's operations in the US, including procedural limitations on expansion and the powers otherwise exercisable as a financial holding company. Also for 2007 Group Compliance will continue to advise on and assist the bank in meeting the requirements of the Enforcement Actions.

Focus areas

In 2006 Group Compliance has explicitly focused on the following areas:

Compliance Risk Assessment & Monitoring

The global implementation of Compliance Risk Assessment & Monitoring is an ambitious and challenging undertaking for ABN AMRO. All jurisdictions worldwide face heightened levels of compliance risk, as the regulatory framework and burden continues to grow in both volume and complexity. Compliance Risk Management will assist the bank's BUs in identifying, assessing and managing their respective compliance risks.

Mindset Programme Wave II: 'Our values in action: acting with integrity'

The focus of our 'Mindset' programme has continued to raise awareness and strengthen the global compliance mindset throughout the bank. Senior management's involvement in setting the right tone from the top and communicating the importance of compliance to all staff is paying off.

Client acceptance and anti-money laundering

The Client Acceptance and Anti-Money Laundering (CAAML) policy contains the philosophy and approach to our Know Your Client (KYC) controls, with which we combat money laundering and terrorist financing. ABN AMRO aims to be at the forefront of anti-money laundering efforts around the world. Our highly-developed transaction monitoring system enables the bank to monitor and test transactions for their compliance with anti-money laundering legislation in over 50 countries.

The implementation of the global Anti-Money Laundering Oversight Committee puts in place a solid governance structure to steer ABN AMRO's anti-money laundering agenda. A bank-wide client risk reassessment project was conducted in 2006 to ensure that, on a risk-based approach, all the bank's clients comply with the relevant client due diligence requirements.

Group Security

Group Security contributes to a secure environment across ABN AMRO by developing global policies and standards for promoting physical security and preventing financial crime, delivering input and operational services to support the business' commercial and strategic decisions, and investigating serious security incidents and compliance breaches. By acting in partnership with the business, Group Security provides a security framework and related services that enable the business to take ownership of its security responsibilities.

Our employees

Our clients are our number one priority, and to ensure they receive excellent service we need motivated and engaged employees. We inspire our employees at all levels to play an active role in achieving our business objectives and building a future with us.

At 31 December 2006, ABN AMRO had near to 107,000 employees working in 56 countries. In a dynamic organisation such as ours this total is merely a snapshot, as there is a constant inflow and outflow of employees caused by joiners, leavers, acquisitions, divestments and restructuring programmes. In an ever-changing and increasingly competitive world, ABN AMRO has to continuously adapt to achieve its ambitions and to maintain focus on core activities. This means continuous change for the entire organisation.

In such an environment it is essential to have robust policies and practices in place that support our employees and position ABN AMRO as an 'employer of choice'. Key elements of our approach to human resources management include our Corporate Values and Business Principles as well as our compliance, sustainability, and diversity and inclusion policies.

In terms of its people, ABN AMRO's top priority in 2006 was ensuring that it continued to attract the best and brightest talent, develop those individuals both professionally and personally, and energise them throughout their careers.

To gain deeper insights into the views, talents and leadership capabilities of our people, we ran the Employee Engagement Survey across the entire Group for the third consecutive year. We achieved a response rate of 85%, ten percentage points up from the previous year, and we are proud to say that the scores increased in almost every category, reflecting the fact that our people are more motivated and engaged than before. This was an excellent result for ABN AMRO, and a contributory factor to our being voted one of the best companies to work for in the Netherlands and Brazil, as well as one of the 50 companies that women most want to work for in the UK.

Helping people at all levels to succeed in their careers while meeting our overall strategic ambitions requires active and targeted Performance Management, both at an individual and at an organisational level. In 2006 we focused on harmonising Performance Management processes to ensure global consistency and transparency for our employees. We also defined our Performance Management strategy for the future, based on the findings of a benchmarking exercise among best-in-class organisations. This in turn will set the direction for ABN AMRO's management of human resources in 2007.

Two new leadership programmes helped build on our existing leadership curriculum: Authentic Leadership, designed for women in the upper echelons of our organisation, and Inclusive Leadership, to help managers create high-performing teams in an inter-cultural environment. We also continued our coaching and mentoring programmes to stimulate, encourage and grow our people. Examples include the High Potentials Programme, a business-led initiative that gives employees with high potential from all our BUs the opportunity to work together to create real business value. Such programmes underline and reinforce our commitment to accelerating and managing talent on a global scale.

To measure and help our leaders develop their leadership effectiveness, our top 1,000 senior executives completed a Leadership Review in 2006. This process was set in motion in 2004 when our Top Executive Group, made up of our 200 most senior people, took part in a similar exercise. The Managing Board uses the output from the Leadership Review to optimise the use of our talent base and direct the right people into the most fulfilling and mutually beneficial roles – a win-win situation for all.

To help us reward our people consistently and appropriately for their contribution to our performance, our attention in 2006 focused on refining our global reward framework. Each BU aligned its own reward strategy to this framework, ensuring that we offer our people excellent reward and incentives, as well as benefiting the bank by improving the return on our investment in people across the board.

Diversity and inclusion remained a priority in 2006. We believe that valuing the diversity of our people – especially in terms of nationality and gender – is a key component of a high-performance culture and an important driver in achieving our business goals. The impact of our diversity and inclusion efforts is reflected in our business: we have 9.6% women in the most senior management positions (Executive Vice President and above) and 18.8% women at manager level, much higher than most of our peer group. We remain committed to a culture in which people's differences are celebrated and harnessed to achieve success.

ABN AMRO's Human Resources organisation plays a central role in building a high level of engagement with our people. Human Resources supports the implementation of the bank's revised organisational structure and helps us put our three corporate behaviours – collaboration, client intimacy and discipline – into effect. Human Resources has been moving to a new operating model to ensure a consistent and high level of service to our managers and employees. This implementation was largely completed in 2006.

Developing and leveraging the talent of our people is at the heart of everything we do. In 2007 we plan to increase the momentum, and turn our focus to embedding a high-performance culture in the business, thereby making more possible both for our people and our bank.

BUSINESS REVIEW

Group organisation structure

A new structure to help us share excellence

In January 2006, ABN AMRO moved to reinforce its mid-market focus and realise the benefits of being one bank more effectively by adopting a new structure. This structure enables us to share expertise and operational excellence across the Group with greater impact.

ABN AMRO's Group structure comprises:

- seven Client BUs
- three Product BUs
- two cross-BU Segments
- Group Functions
- Services

The seven *Client BUs* consist of five regional BUs (Netherlands, Europe including Antonveneta in Italy, North America, Latin America and Asia) and two global BUs, Private Clients and Global Clients.

The three *Product BUs* (Global Markets, Transaction Banking and Asset Management) support the Client BUs by developing and delivering products for all of our clients globally.

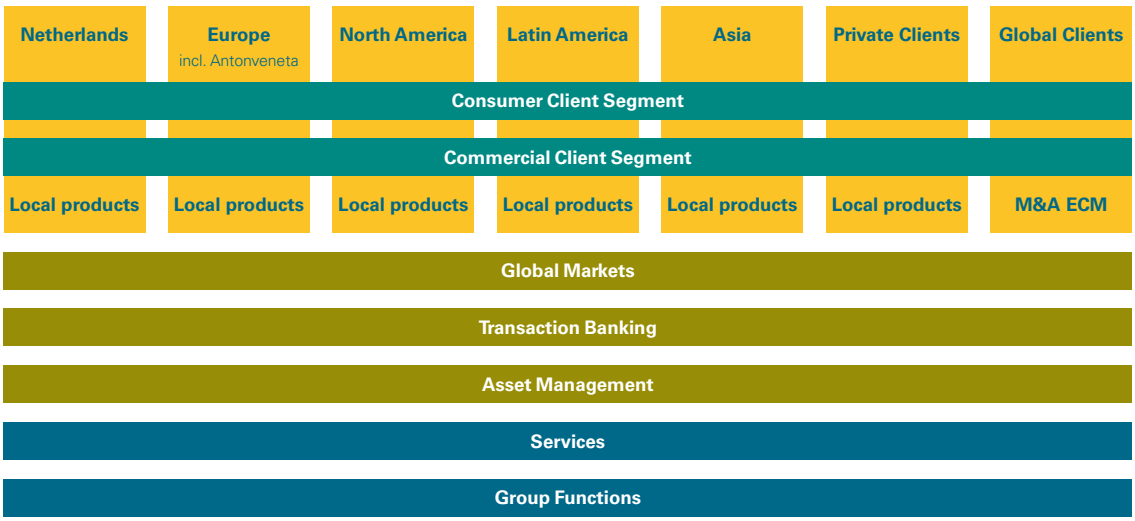
We bind all our Client BUs together through a cross-BU *Consumer Client Segment* and a cross-BU *Commercial Client Segment*. These Segments drive winning formulas across our various geographies, and work with the Product BUs to deliver high-quality solutions to clients.

Group Functions delivers value-added support across the Group in areas ranging from Risk to Finance and from Human Resources to Sustainability, while always balancing global control with local flexibility and expertise.

Services continues to focus on increasing our operational efficiency through Group-wide consolidation and standardisation.

For more detailed information on the activities of the individual BUs and Segments, as well as Group Functions and Services, please refer to the pages 42-68.

Group organisation structure



As we are embedding and mainstreaming sustainable development in our daily business operations, various examples of how sustainability is applied are also provided in pages 42-68.

As it is customary for ABN AMRO to share the financial results of its Private Equity business separately, a description of its operations is included on pages 64-65.

For the financial results of the Group and each individual BU, please refer to the Management's discussion and analysis, starting on page 95. The financial results of BU Global Markets and BU Transaction Banking are reported in the regional BUs.

Client BUs

BU Netherlands

Serving a vast and diverse client base that comprises consumer and commercial clients, BU Netherlands is at the forefront of the Dutch banking industry. BU Netherlands employs approximately 21,800 people and serves its clients through a network of 561 bankshops, 78 advisory branches, five dedicated mid-market corporate client units and two large-corporate client units. BU Netherlands also operates some 1,600 ATMs, four integrated call centres, and internet and mobile channels. BU Netherlands' call centres and internet banking services are now every bit as important as the advisory branches for serving its small to medium-sized enterprise (SME) clients.

Strategy, products and services

BU Netherlands' aspiration is to become the primary bank for all its chosen clients. It aims to do this by delivering a service that makes a difference and is always personal, through every channel. In line with ABN AMRO's mid-market strategy, BU Netherlands' key competitive advantage lies with mass affluent individuals and SMEs. BU Netherlands is a fully integrated consumer and commercial bank offering a focused range of financial products and services. Alongside its own product capabilities, BU Netherlands actively uses product knowledge from the bank's other BUs. In addition BU Netherlands offers insurance products provided by its joint venture with Delta Lloyd.

Through its integrated multi-channel service model, BU Netherlands provides clients with financial products and services 24 hours a day, seven days a week. In 2006, BU Netherlands' enhanced operating model – consisting of Value Centre Consumer, Value Centre Commercial and centralised mortgage activities – led to a further improvement in its operational performance, which in turn enabled it to improve its client service still further.

The alignment of the Group structure with the bank's strategy has brought benefits for BU Netherlands. In 2006, BU Netherlands was able to increase its product sales and number of clients by leveraging the current range of Global Markets products with SME and consumer clients. The resulting combination of improved service and wider product range led to improved client satisfaction. At the same time, BU Netherlands continued to operate special service concepts for targeted client segments, such as young professionals.

One million packages sold in the Dutch market

Packaging products is one of the ways in which ABN AMRO can broaden its relationship with consumer clients. A package is an ideal way to provide these clients with a combination of ease of use and good financial returns, since it means all their basic financial needs can be obtained at a competitive price. For the bank it means more business per client.

ABN AMRO has developed a range that includes the right package for every consumer: the Personal Package, Student Package, Young Professionals Package, and Prestigious Package. Since their introduction in 2003, over one million have been sold. Each package is comprised of a current account, a debit card and a savings account. The objective is to maximise ease of use for consumers, since they only need to sign once to have access to several different banking services. What is more, these packages offer consumers interesting discounts and extra features, and are specifically designed to suit them at different stages in life – for example, as they move from the Student Package to the Young Professionals Package.

The successful development and launch of these packages is one of the results of the ongoing collaboration between BU Netherlands and BU Transaction Banking.

Looking at the interests of Dutch society as a whole, ABN AMRO recognises the importance of entrepreneurship in sustaining economic growth. To help entrepreneurs – especially those from disadvantaged backgrounds – to start businesses, BU Netherlands has developed a special 'StartersCoach' credit facility through which the bank not only provides credit to start-ups, but offers coaching from experienced entrepreneurs as well. BU Netherlands also believes that entrepreneurs who do not succeed the first time should have the opportunity to start again if they have a sound business plan. This is part of BU Netherlands' wider ambition to change Dutch society's generally negative view on so-called failed entrepreneurs.

Bouwfonds

Bouwfonds is an international property group with three core activities: developing, financing and managing property. The business is active in both the residential and commercial markets and ranks among the Netherlands' leading property companies.

In December 2005, ABN AMRO, in its capacity as Bouwfonds' sole shareholder, announced its intention to sell the non-mortgage activities of Bouwfonds during the course of 2006. With effect from 1 January 2006, Bouwfonds' mortgage business was transferred to ABN AMRO Mortgage Group, which is part of BU Netherlands.

On 31 July 2006, ABN AMRO agreed to sell Bouwfonds Property Development, Bouwfonds Asset Management, Bouwfonds Public Fund Management, Bouwfonds Holding and Rijnlandse Bank to Rabobank, and Bouwfonds Property Finance (encompassing project financing, investment financing and risk-bearing interests in projects) to SNS Bank. The share transfers to Rabobank and SNS Bank were completed on 1 December 2006.

Initiatives for 2007

In 2007, BU Netherlands will be rolling out the *'Meerwaarde'* ('Added Value') strategy in both Value Centre Consumer and Value Centre Commercial. Customer advocacy is at the heart of the *'Meerwaarde'* strategy for consumer clients, with whom BU Netherlands aims to capitalise on its position as a leading professional bank that is trustworthy and transparent, and that above all acts in the best interests of the client. The *'Meerwaarde'* strategy will be targeted at both the mass retail segment and also the mass affluent segment, which consists of clients with more than EUR 50,000 in liquid assets or a net income of more than EUR 5,000 a month. The explicit focus with this segment will be on the acquisition of new clients. At the same time, the 'feeder' function of mass retail services will be strengthened by focusing on young professionals and top-end mass retail clients. To achieve this goal, BU Netherlands will continue to invest in people, processes and systems.

With commercial clients, the *'Meerwaarde'* strategy will strengthen BU Netherlands claim to be a true partner in business by giving priority to investments in employees, internet and innovation. Investing in these areas will help BU Netherlands to fulfil its promise to act as enabler for its clients' businesses, by supporting them with integrated financial advice and solutions based on thorough knowledge and international expertise.

BU Netherlands and BU Europe together will play a key role in ABN AMRO's implementation of measures to comply with the EU's Markets in Financial Instruments Directive (MiFID) and will seek to benefit from the business opportunities that arise as a result.

BU Europe
(excl. Antonveneta in Italy)

BU Europe brings together all of ABN AMRO's activities in 27 countries: 23 countries in Europe (excluding the Netherlands) along with Kazakhstan, Uzbekistan, Egypt and South Africa. BU Europe employs approximately 8,000 people, including support functions serving all BUs operating in the region.

BU Europe provides its consumer and commercial clients with a focused range of financial products and services. Its regional strategies and operations are closely aligned with those of ABN AMRO's global BUs.

Strategy, products and services

In 2006, BU Europe focused a significant proportion of its efforts on improving its profitability by taking various measures and aligning its commercial activities and back-office services with the new Group structure.

BU Europe's strategy is to target 'sweet spot' clients, encompassing financial institutions, public sector organisations, mid-market and large corporations and mass affluent consumer clients. This strategy is executed by combining intimate local client knowledge with global product expertise, network capabilities and a global services platform. A number of revenue-enhancing initiatives have been put in place to help drive organic growth, such as focusing on financial institutions and the public sector, strengthening the consumer banking activities, and developing a new delivery model for mid-market clients.

BU Europe's revenues from financial institutions and public sector clients have been increased by improving the focus on origination and delivery of products to these client groups. Special attention is being paid to the delivery of derivatives and private investor products, complemented by Transaction Banking and other Global Markets products. This approach has proven to be very successful.

BU Europe has been growing its consumer banking activities in selected countries, with a focus on high-growth emerging market economies. This will enable consumer banking to make a substantial contribution to BU Europe's overall performance within the next few years.

Strong growth across all client segments in Central and Eastern Europe

Revenues from services to commercial clients in Central and Eastern Europe showed considerable growth in 2006. Several large corporate transactions contributed to this improvement, including the arrangement of a syndicated guarantee for Prague Airport in the Czech Republic and the refinancing of the food and retailing company Agrokor in Croatia.

Revenues from services to consumer client are also making an increasingly significant contribution to Eastern Europe's results, driven primarily by the consumer business in Romania and Kazakhstan. The contribution made by consumer banking will continue to grow in line with the ongoing expansion of these activities in the region.

In 2006, BU Europe developed a new sales and delivery model for mid-market commercial clients. By bundling products that meet the most frequently occurring client needs, and combining this with simplified back-office processes, the BU has created the foundation to enhance its services to mid-market clients, leading to greater volumes supported by a lower cost base. This new service concept will be rolled out in 2007 in selected markets.

In 2006 many new sustainability initiatives were launched across BU Europe, thereby contributing to ABN AMRO's sustainable development strategy and inspiring its

employees. These initiatives included the launch of new products, such as water certificates aimed at private investors. Employees continued to volunteer their professional skills on a pro bono basis to support their local communities. Staff participation in community involvement programmes included projects in conservation work, mentoring young people, running career workshops for early school leavers, and reading with children.

Initiatives for 2007

BU Europe is committed to return to profitability in 2007 and will continue to pursue its organic growth strategy aimed at mid-market corporations, financial institutions, public sector organisations and consumer clients. BU Europe will also seek to improve its performance by reducing the cost base through the implementation of a common services platform and the elimination of inefficiencies in processes, support functions and client coverage models. Key initiatives in 2007 will include improved capital management and the reallocation of capital between different client segments and locations. As part of this, BU Europe aims to improve its returns on capital by focusing increasingly on the emerging markets of Eastern Europe and Central Asia. Financial institutions and the public sector segment will remain key growth areas for BU Europe.

During 2007, BU Transaction Banking will be developing new products for ABN AMRO's European client base that will be compliant with the new Single Euro Payments Area (SEPA) infrastructure. These products include new cross-border payments, insourcing solutions for financial institutions and payment card propositions. Together with BU Global Clients, BU Europe will invest in delivering dedicated industry expertise to regional clients.

BU Europe and BU Netherlands together will play a key role in ABN AMRO's implementation of measures to comply with the EU's Markets in Financial Instruments Directive (MiFID) and will seek to benefit from the business opportunities that arise as a result.

Antonveneta

ABN AMRO acquired a majority stake in Banca Antonveneta in January 2006 and launched a tender offer for the remaining shares on 27 February 2006. It acquired 100% of the bank in July 2006 after it exercised its right to purchase the shares it did not yet own following its tender offer.

The integration of Antoveneta into the Group was started early on in the year and completed in December 2006. Antonveneta's structure and governance have now been aligned with that of the Group. However, due to the complex and protracted nature of the bid battle that preceded the acquisition of Antonveneta, it has taken time to stabilise the bank's business operations.

Antonveneta and its main subsidiaries, Interbanca and AAA Bank, are among the leading banks in Italy, with Antonveneta holding a ranking among the top ten groups in the major banking classifications. Antonveneta has over 1,000 branches in Italy. The bank is strongly rooted in northeast Italy, where 459 of its domestic branches are located. Integrated with the branch network are more than 1,100 ATMs and about 63,000 points-of-sale, as well as home and remote banking facilities. As at 31 December 2006 its employees numbered approximately 9,600.

Strategy, products and services

During 2006, Antonveneta and its subsidiaries continued to operate successfully in the consumer banking, commercial banking, merchant banking and asset management

Integration into ABN AMRO

The integration process has been proceeding apace since early in 2006, when Antonveneta became part of ABN AMRO. Several workstreams have been created within the overall integration process, with the purpose of introducing a new organisational structure that will enable Antonveneta to achieve cost synergies and growth in revenues.

Among other initiatives, the rebranding of Antonveneta was launched on 6 November 2006 (the bank's signs now show both the Antonveneta and ABN AMRO brands), a new website was created, an advertising campaign was launched through the major daily newspapers and TV channels, and new and more competitive fees for clients were introduced for some types of current account ('Conto Systema', 'Conto Inteam', 'Conto Pro' and 'Conto Clubba') and for credit cards ('Day By Day' and 'Cash&Card' cards), along with a highly competitive residential mortgage offering.

In parallel with these initiatives, Antonveneta has focused on developing new products and integrated services for consumer and commercial clients, and on implementing private banking services.
More specifically, Antonveneta has launched the Preferred Banking concept that ABN AMRO already offers in various other countries.
In the commercial client segment, a new team of global markets specialists has been created to give clients of Antonveneta easier access to ABN AMRO's global structure.

sectors, in line with the strategy defined in its '2004 – 2006 Business Plan'. The results were helped by consolidation of the bank's competitive positioning in strategic sectors. In particular, its core activities were more closely defined and further strengthened; its focus on the consumer client segment and on small and medium-sized enterprises was intensified; and services for clients were further enhanced, especially in portfolio management.

In consumer banking, Antonveneta has undertaken several important initiatives aimed at widening its activities. These include actions aimed at acquiring new clients and retaining existing ones, as well as strengthening the bank's residential mortgage lending – a booming sector in Italy.

With regard to commercial clients, Antonveneta has been able to focus its lending activities on those companies most involved in the Italian economy's current growth phase, thanks partly to the strong presence and efforts of its branches and 'unità imprese' (corporate units), and partly to synergies with Interbanca, its specialist medium- and long-term financing and merchant banking subsidiary.

In asset management and more generally in portfolio management, Antonveneta and its subsidiary AAA Bank continued to help investors to diversify their financial assets.

As regards operations, Antonveneta has undertaken a number of initiatives to capitalise on potential synergies with ABN AMRO, creating full alignment between the structures of ABN AMRO and Antonveneta and improving operational efficiency and effectiveness in the process.

Initiatives for 2007

On 11 December 2006, ABN AMRO and Antonveneta announced plans for the further development of Antonveneta, which include transforming the consumer bank, strengthening the commercial bank and building the private bank. Antonveneta's new organisational structure is inspired by the ABN AMRO Group model. This model, adjusted to suit the specific attributes of the Italian marketplace, maintains the bank's focus on its clients – both individuals and SMEs – as well defining a matrix organisation that enhances its ties to the Group's functions. This renewed focus on clients will be put into effect both through new products and personalised services, including those made possible by ABN AMRO's deep-rooted and widespread international structure, and also through ongoing innovations in operational skills and communications at Antonveneta. The last

feature will become evident immediately in the bank's relationship with all its stakeholders and the entire domestic community, thanks to the completion of the rebranding process.

In the Italian banking system, Antonveneta will be characterised as a strongly rooted bank, able to support Italian businesses in their ongoing process of integration into the international economy.

BU North America

ABN AMRO's sizeable North American operations, collectively called BU North America, are headquartered in Chicago, Illinois, home of LaSalle Bank Corporation. BU North America also includes ABN AMRO's global businesses operating in the US and Canada. With approximately 15,000 employees, BU North America serves individuals, corporations, institutions, non-profit entities and municipalities in the US and Canada through its 434 branches and offices.

A premier relationship bank with assets of nearly USD 123 billion, LaSalle Bank is North America's 17th largest bank holding company and the 15th largest in terms of deposits. It serves its clients through a comprehensive range of channels, including more than 400 retail branches and 1,600 ATMs. Access to ABN AMRO's global resources allows LaSalle's clients to tap markets virtually anywhere in the world.

Strategy, products and services

BU North America aims to establish enduring relationships with its clients by understanding their goals and providing the best and most appropriate financial products and services.

BU North America's offerings include commercial banking services, real estate finance, personal finance, small-business services, national mortgage origination and distribution, investment banking advisory, derivatives and risk management services, and treasury, trade, trust and securities services.

BU North America remains focused on two primary client groups: mass affluent individuals and mid-market companies. An important achievement in 2006 was the successful integration of its wholesale client-services unit with LaSalle's commercial businesses. In the process, a more efficient platform was created combining two debt capital-markets, foreign-exchange, derivatives, and loan-syndication businesses into a single delivery system.

In the consumer banking arena, BU North America continued to pursue its mass affluent strategy, which includes providing Preferred Banking services, enhancing the bank's wealth-management and small-business services, and addressing consumers' desire for convenience and ease of use. In commercial banking, BU North America opened offices in 2006 in San Francisco, Houston and Omaha, taking the BU's network of regional commercial banking offices across the continent to 23.

In common with other banks, BU North America faced pressures on margins, a slowing economy and fierce competition in 2006. In response, the BU took significant steps to address these challenges and improve its financial results by focusing on what is important to its clients and operating in the most effective, efficient manner possible. Following a strategic review that covered all aspects of BU North America's expenditure, structural changes will be effected in the North American business in 2007, including staff reductions across nearly all areas of the business and at all major locations. BU North America expects that approximately 900 positions, equivalent to

5% of the North American workforce, will be affected over the course of 2007, with most of those reductions coming in the first half of the year. The strategic review also resulted in the decision to sell ABN AMRO Mortgage Group, Inc., BU North America's US-based residential mortgage brokerage origination platform and servicing business, to Citigroup. The sale was announced in January 2007 and closed on 28 February 2007. Consumer mortgage and home equity loans will continue to be delivered as core products by LaSalle Bank Corporation through its retail branch network.
The planned changes will help BU North America with the continuous improvement of its operations, maintain its high standards of relationship management, and ensure efficient delivery of an outstanding set of products and services to its clients.

Despite these challenges, BU North America performed well on many fronts during 2006. For example, the BU:

- Expanded the amount of business it conducts with local subsidiaries of non-North American companies
- Increased the market share of, among others, its consumer, global securities and trust services, and loan syndications businesses
- Became the dominant provider of Employee Stock Ownership Plan (ESOP) loans to the mid-market
- Increased by more than 50% the number of cross-border, asset-based financing transactions
- Launched a commodity derivatives distribution business, surpassing the first-year target by 100%
- Greatly enhanced its hedging products
- Broadened the number of financial-institution clients by 25%
- Further reinforced its culture of innovation and collaboration
- Made significant progress in building a strong culture of compliance.

BU North America also made important strides in sustainable development. As part of its Green Building Initiative, the BU hosted a programme for clients, real estate developers and employees to present the newest research on 'green' building. BU North America's three main office buildings are close to achieving LEED (Leadership in Energy and Environmental Design) certification. And, to promote greater adoption of renewable energies, BU North America invested in three wind-power projects in the US and Canada.

Initiatives for 2007

For 2007, BU North America's goal remains unchanged: to develop deep, long-term relationships with individuals, businesses, non-business institutions, its employees and the communities in which it operates. In consumer banking, this means providing each client with an exceptional experience characterised by ease of use and

Combining resources, expertise yields profitable growth

Thinking and acting as a global resource for clients in our 'sweet spot' produced strong 2006 results in BU North America. A new, streamlined organisation and consolidation of our distribution platforms helped us deepen relationships within our core markets, giving clients swift, seamless access to global offerings they cannot find elsewhere.

In our commercial businesses, our strong client focus differentiates us, as does our global reach. Cultivating growth through relationships with BUTransaction Banking and BU Global Markets drove robust cross-selling throughout 2006. Increasingly, BU North America is the 'go to' source for companies looking for a trusted advisor – one who offers strategic financial advice and creative, customised, superior solutions.

Consumer banking grew its market share in its two home markets of Illinois and Michigan, attaining the number one market share position in the latter. Another highlight was the successful roll-out of Preferred Banking services, addressing the needs of our high-potential mass affluent consumer clients.

convenience, regardless of the channel he or she chooses. In commercial banking, it means making ABN AMRO's global capabilities available to more mid-sized and small-business clients.

In the coming year, BU North America will continue to target its 'sweet spot' of mass affluent individuals and mid-market businesses – the two markets that offer the BU the greatest opportunities to distinguish itself and grow profitably.

To help exploit these opportunities, the BU will focus on collaborating across departments, business lines and continents, in order to find more and better ways to serve clients, give them offerings they want and need, make it easier for them to do business, and help them grow.

At the same time, BU North America will seek additional ways to use technology to drive business results and further differentiate itself from competitors. It also will pursue opportunities to generate additional fee-based income. At the same time, it will remain vigilant in its efforts to use capital more efficiently and manage expenses more wisely.

BU North America is committed to strengthening its culture of compliance, strong controls, ethical behaviour and unassailable business practices. This is BU North America's formula for making good on its promises to its clients and other stakeholders – and to maintaining their enduring trust and loyalty.

BU Latin America

ABN AMRO has had a presence in Brazil since 1917. In recent years it has consolidated its already strong position in the top tier of Brazilian banks by acquiring Banco Real and Bandepe in 1998, Paraiban in 2001 and Banco Sudameris in 2003. ABN AMRO operates in the Brazilian market as Banco Real.

Banco Real functions as a fully integrated consumer and commercial bank on a nationwide basis through more than 1,900 stand-alone and in-company branches, 6,700 points-of-sale and 8,700 ATMs. Today, Banco Real is the third-largest privately owned bank in Brazil.

Since 1 January 2006, ABN AMRO's Caribbean and Latin American operations outside of Brazil have come together with Banco Real to form BU Latin America. Outside of Brazil, BU Latin America focuses primarily on the commercial client segment, although in Paraguay and Uruguay it also focuses on the consumer client segment. Currently, BU Latin America has approximately 28,000 employees. The Brazilian operations are BU Latin America's largest in the region by a substantial margin.

Strategy, products and services

Banco Real aims to differentiate itself by satisfying client needs through the offering of a focused range of financial products and services and by establishing close, long-term and sustainable relationships with its consumer, private and commercial clients.

Van Gogh Preferred Banking services, which Banco Real offers to its mass affluent clients across Brazil, reinforce the bank's international identity and provide a key aspirational element within its consumer banking strategy.

Through the Aymoré franchise, BU Latin America is also a major player in the Brazilian consumer finance business. Aymoré has relationships with more than 15,000 active car dealerships distributing vehicle financing and other consumer goods financing nationwide.

Main business achievements

Banco Real's core strength is its ability to offer a focused range of financial products and services that meet the needs of its consumer and commercial clients. This capability has enabled Banco Real to outperform the credit market consistently since 2001. Through its consumer and commercial banking activities, the bank was able to achieve strong credit portfolio growth of some 23.3% between October 2005 and October 2006, compared with an average increase of 21.1% across the market as a whole. As a result, Banco Real recorded a slight increase in its free funds market share during the same period, up from 8.56% to 8.85%. In addition, it had the highest credit-to-total-assets ratio among the main Brazilian banks in 2006.

The commercial banking operation uses a single product platform and sophisticated segmentation to enhance its focus and efficiency – thereby enabling Banco Real to deliver a seamless product offering for multinational corporations and to capitalise on its large mid-market commercial client base, served by specialised regional and mid-market relationship management teams. This approach has enabled the bank to capture new business opportunities throughout the current economic cycle and increase its market share among commercial clients, strengthening its position as one of Brazil's leading commercial banks.

During the year, Banco Real's consumer and commercial banking activities enabled it to achieve strong credit portfolio growth and the highest credit-to-total-assets ratio among the main Brazilian banks. On the other hand, in common with other players in the Brazilian market, the bank suffered a significant deterioration in its provisioning during the first half of 2006, due to an increase in delinquencies in the market.

However, it should be noted that Banco Real achieved better provisioning results than its peers. This was testament to the risk management department's consistent efforts to mitigate growth in provisions, including maintaining constant close monitoring of the portfolio, approaching debtors through different channels and selling off portfolios of bad loans.

In the other countries in which BU Latin America is active (Argentina, Chile, Colombia, Ecuador, Mexico, Paraguay, Uruguay and Venezuela), revenue generation in 2006 was focused primarily on credit activities. Consumer markets and 'sweet spot' commercial banking activities have been thriving and show further potential for growth, mainly driven by the growth in credit usage and 'bankarisation' (i.e. clients' growing tendency to use banking services from duly regulated, formal financial institutions). However, competition in these countries has been increasing, as competitors from outside the region are once again targeting investments within it.

ABN AMRO is widely recognised as a pioneer and leader in the development of sustainable bank-society relationships in Brazil. BU Latin America's long-standing recognition of the importance of ethical principles in the way it does business has now developed into a strong overall commitment to society and the environment.

Banco Real has been named one of the best companies to work for in Brazil for the fifth consecutive year in a national business survey. It also undertakes several socially responsible initiatives such as implementing Brazil's first carbon credit transaction in 2006, applying an environmental, social and ethical risk policy to project finance, and providing microfinance services. By year-end 2006, BU Latin America's microfinance business reached out to 11,500 Brazilian clients, compared with 8,300 clients in 2005. The BU's microfinance business has evolved from a pilot to a sizeable business activity; it is now active in over 70 communities in nine cities across Brazil. In 2006, BU Latin America's microfinance business reached break-even.

In addition, the BU now offers a range of social and environmental financing products, which are specifically geared towards promoting better consumption and management of natural resources by companies, encouraging professional improvement and training by individuals and reinforcing the inclusion of socially disadvantaged people.

Initiatives for 2007

In 2007, BU Latin America aims to continue to optimise the performance of its operating platform through a segmented approach to financial services. It will support and service individuals, entrepreneurs and small to medium-sized business owners. Hand-in-hand with its help for these major drivers of economic growth, it will contribute both to Brazil's and Latin America's development and to the sustainability of ABN AMRO's businesses.

The Aymoré consumer finance franchise plans to maintain its leading position in vehicle financing, by expanding new brand/dealer relationships and elongating financing terms at the same time as extending its acquisition finance activities to cover more types of goods. The bank's consumer finance client base will also provide an excellent cross-selling platform for Banco Real's retail banking business.

BU Asia

ABN AMRO has been operating for well over 100 years in several Asian countries including Indonesia, China, Singapore and Japan. BU Asia now covers 16 countries and territories, operating through 165 branches and offices (excluding those of Saudi Hollandi Bank, in which ABN AMRO has a 40% stake). BU Asia's client base includes commercial clients as well as consumer and private banking clients. It employs approximately 14,000 people, including support functions serving all BUs operating in the region. Its employees' ability to combine global expertise with intimate knowledge of their local markets enables BU Asia to offer world-class financial products and services to its clients across the region.

Strategy, products and services

BU Asia puts its aggressive growth strategy into effect by combining ABN AMRO's global structure, products and expertise with its local knowledge and client relationships. To build and sustain these relationships, BU Asia provides its banking services through a consumer client and a commercial client segment.

With nearly 5,300 employees in eight countries, the consumer client segment focuses on delivering market-leading wealth management and consumer finance services – including Van Gogh Preferred Banking – to its Asian client base through 79 branches.

In 2006, BU Asia maintained its strong focus on the growth markets of China and India, where it opened five and three new branches respectively. A further four branches were opened across the BU's other operating countries.

BU Asia's credit cards business also expanded rapidly, with the number of cards issued in 2006 exceeding the previous year's issuance by over 19%, and ending net receivables reaching records levels across the operating countries. These results were achieved despite the credit crisis in Taiwan, which affected all players in that market and resulted in higher defaults. BU Asia's Taiwan business was successful in achieving lower losses than most other major issuers, and well below the market average.

The commercial client segment is comprised of 550 staff serving more than 10,000 corporate, financial institution and

public sector clients. With coverage in 16 countries and territories, the commercial client segment is structured around in-country relationship management teams supported by smaller, regional industry-focused teams. It provides clients with a broad spectrum of products and services across Global Markets, Transaction Banking, Lending, Mergers & Acquisitions and Equity Capital Markets.

Through BU Asia's strategy, both the consumer client and commercial client segments aim to increase revenues significantly on a continuing basis and retain leading positions in several key markets.

Strong growth across the board

For BU Asia, 2006 was distinguished by a number of significant achievements. Growth in China remains a key goal, and we made strong inroads in 2006 through the Memorandum of Understanding we announced with Haitong Securities in Shanghai and China Merchants Securities in Shenzhen. Both agreements give us access to large, established client bases.

The consumer client segment has continued to be highly successful, building its client base to over 3.3 million. This achievement has been supported by substantial growth in the number of wealth management clients, which grew by over 20% from the previous year.

Strong growth was also achieved by the commercial client segment, which expanded its client base by more than 15%. This growth stemmed both from domestic companies and inbound subsidiaries of foreign companies, each recording revenue growth in excess of 20%. At the same time, the launch of the SME business in specially targeted Asian markets has created the base for a strong revenue contribution in the years ahead. The complementary mid-market strategy was also launched to drive wider distribution of commercial banking products. In India, the broad-based expansion of the corporate and SME business has already led to a significant increase in revenue. The development of the commercial business in China is progressing well, with a continuing rise in the number of investment banking, capital markets and derivatives transactions.

Sustainability is a key component of BU Asia's strategy and the success of the microfinance business in India is a great example of this. Started less than three years ago, ABN AMRO has emerged as an important player in microfinance and continues to be one of the largest foreign banks in the sector. Partnering with over 25 microfinance institutions and reaching across eight states in India, the portfolio grew by 93% year on year. By year end 2006, BU Asia's microfinance business reached out to more than 340,000 households compared with 178,000 households in 2005. The BU's microfinance business in India continues to operate profitably.

Initiatives for 2007

The year 2007 will be important for BU Asia in its continuing drive to realise its long-term goals. The key focus in 2007 will be on sustaining its strong revenue growth, increasing new client acquisition rates, deepening existing client relationships, and retaining and recruiting high-quality staff.

The consumer client segment will concentrate on deepening the Van Gogh Preferred Banking value proposition for its mass affluent client base, increasing the breadth of BU Asia's product sub-segments, and expanding distribution channels through its branch network and internet banking.

The commercial client segment will continue to enhance its product offering through ongoing product development. Both BU Transaction Banking and BU Global Markets will continue to improve and expand their product offerings across the Asian region. Furthermore, the Commercial Client Segment plans to extend and strengthen its position in the SME and mid-market client segments.

BU Global Clients

BU Global Clients serves a group of clients who demand the most sophisticated financial

solutions customised to their specific needs. These clients are attracted to ABN AMRO by the industry expertise of the BU's bankers, who can deliver the required financial solutions by accessing both ABN AMRO's network and the broad range of products across the Group's portfolio. The product innovation and accumulated experience that result from working with these clients actively drives the development of high-quality solutions for all clients of the bank, both within BU Global Clients and across the regional BUs.

The four client industry groups that BU Global Clients serves are Financial Institutions & Public Sector; Telecommunications, Media & Technology; Energy & Resources; and Global Industries (including Automotive, Consumer and Global Industrials). BU Global Clients also comprises dedicated Mergers & Acquisition and Equity Capital Markets teams.

BU Global Clients is organised around six hubs (Amsterdam, London, New York, Hong Kong, Sao Paulo and Sydney), and directly employs around 980 people. The financial results of BU Global Clients also reflect the contribution of 230 people employed by ABN AMRO Mellon, a joint venture with the Mellon Financial Corporation that provides global custody and value added services to institutional investors worldwide.

Strategy, products and services

In order to meet the sophisticated financing, advisory and risk management needs of its multinational client base, BU Global Clients' bankers access products and services, including specialist commercial banking coverage, from ABN AMRO's regional BUs, BU Global Markets and BU Transaction Banking. Simultaneously, Global Client's hub-based industry bankers deliver their knowledge to the regional clients. This structure allows BU Global Clients' industry expertise and Mergers & Acquisitions and Equity Capital Markets products to be made available to all chosen clients across the bank in support of the overall Group strategy.

BU Global Clients' senior relationship bankers and industry teams are dedicated to maintaining a strategic dialogue in order to create tailored structured financial solutions, while the Mergers & Acquisitions and Equity Capital Markets teams support origination, execute and deliver product and advisory services on strategic issues ranging from mergers and acquisitions, divestitures and takeover defences, corporate restructurings and strategic alliances. Via the ABN AMRO Rothschild joint venture, the Equity Capital Markets team offers a full range of Equity Capital Markets products and related advisory services.

Through its strong and established client relationships, BU Global Clients is consistently active in its contribution to the Group's sustainability development initiatives. BU Global Clients realises that many of its clients face global challenges ranging from climate change effects, security issues, health issues and demographic shifts in their customer base, to poverty alleviation and environmental issues. BU Global Clients' knowledge and understanding of these challenges allow its senior relationship bankers to engage with their clients to address their challenges and create new business opportunities, balancing people, planet and profit considerations. In addition, although BU Global Clients is not responsible for its clients' and suppliers' businesses, it is serious about the responsibility for selecting the businesses and transactions they want to deal with; its client-facing teams have environmental, social and ethical risk filters available to determine the clients' commitment to act responsibly.

Initiatives for 2007

In line with ABN AMRO's overall desire to improve returns, BU Global Clients aims to

Acquisition of INCO by Companhia Vale do Rio Doce

Among our many successes in 2006, the acquisition of INCO by Brazil's Companhia Vale do Rio Doce (CVRD) is one to highlight. CVRD is one of the world's biggest metal and mining companies and the largest producer of iron ore in the world. It is also a global producer of copper, bauxite, alumina, aluminium, potassium, kaolin, manganese and iron alloys.

With the strategic acquisition of the world's second largest nickel producer INCO of Canada for USD 18 billion in 2006, CVRD has advanced its growth ambitions by extending its metals base, gaining wider geographic coverage and consolidating its position as one of the most influential players in the mining industry globally.

CVRD asked ABN AMRO early in 2006 to assist them in their growth strategy. ABN AMRO was chosen because of its strong historical relationship with the client in Brazil, as well as the bank's global strength in delivering industry expertise, advisory capabilities and capital as an integrated solution. This acquisition is the largest ever international acquisition done by a Brazilian company outside of Brazil. ABN AMRO was engaged by CVRD as Joint-Lead Arranger, Joint Bookrunner of the Bridge Loan Facility and all the take-out instruments, with Banco Real in the role of co-financial advisor to CVRD for this deal.

The CVRD loan won the International Financing Review's 2006 Loan of the Year Award.

deliver a sustainable return on assigned risk capital of 20% in 2007 and beyond. The BU has identified a range of measures to achieve this target. These measures are designed to foster both revenue growth and product cost efficiency especially from BU Global Markets and BU Transaction Banking. This will lead to a reallocation of capital and people towards fast-growing market segments in which the bank is able to benefit from its strong position. In addition, BU Global Clients already has exceptionally strong relationships and high share of chosen clients' wallets in the telecommunications, healthcare, metals/mining and consumer/retail industries, and will focus in 2007 on strengthening the relevant industry groups and driving growth in these sectors by providing idea-led coverage to its clients.

Further resources will be allocated to the growing financial institutions sector, with a greater focus on growth segments (such as insurance companies and pension funds/investor clients) and strengthening of dedicated solution teams.

BU Private Clients

BU Private Clients offers private banking services to wealthy individuals and institutions with EUR 1 million or more in net investable assets. With Assets under Administration of EUR 140 billion in 2006, BU Private Clients is one of the top five private banks in Europe and ranks among the largest private banks worldwide. BU Private Clients has more than 3,300 employees, operating in 23 countries from 103 branches.

The needs of wealthy clients vary greatly. Therefore, BU Private Clients tailors its services to suit the requirements of well-defined client segments and their different sources of wealth. Across all segments, the BU's consistent focus on building strong relationships and being engaged with its customers is key to its success. BU Private Clients' products are based on an open architecture model, enabling the BU to offer its clients the best available products regardless of the actual provider.

Strategy, products and services

BU Private Clients' private banking strategy for Europe is differentiated by its ability to nourish local brands while giving them the support of a strong international institution. BU Private Clients continues to be a leading player in private banking in the Netherlands and France, and has strong positions in Switzerland, Germany, Luxembourg and Belgium. Its position was further strengthened in 2006 by the successful integration of Bank Corluy into Private Clients Belgium, the acquisition of a majority share in VermogensGroep in the Netherlands, and the merger in France of Banque de Neuflize and

Banque OBC, creating Neuflize OBC. BU Private Clients' status as a leading player in Europe continues to be supported by its strong revenue growth in specific markets, including the Netherlands, France and Belgium.

To accelerate growth in Asia, BU Private Clients promotes the use of its client engagement model and focuses on building a stronger sales force, and refining its product offer in the region. The BU has made further strides within Private Clients Asia in its Indian Private Banking unit including increases in customer engagement and well-received product innovations, such as becoming one of the first providers to offer its clients capital protection instruments. In cooperation with BU Latin America, BU Private Clients is expanding its presence successfully in the growing Brazilian market by opening a new branch in Sao Paulo.

The strategic divestments made in 2006 – the sale of our businesses in Monaco and Denmark – will allow BU Private Clients to focus on growth in other private banking markets and further enhance the efficiency of its global structure.

As the International Diamond and Jewelry Group's (ID&JG's) strategic focus on credit products has only limited alignment with the activities of BU Private Clients, it was decided to separate ID&JG from this BU. From 1 January 2007, ID&JG reports directly to the Managing Board.

Finally, the successful completion of ABN AMRO's Client Acceptance and Anti-Money Laundering (CAAML) policy within all BU Private Clients units was another important step forward during the past year.

Initiatives for 2007

BU Private Clients has set an ambitious growth target for Assets under Administration by 2010. It aims to meet this target by achieving strong organic growth and optimising its global reach through further strategic acquisitions in selected markets.

On 1 January 2007, BU Private Clients launched its private banking business in Italy. During the coming year the BU will further build its Italian domestic private banking business, strengthening the BU's European franchise in the process. In all its other chosen markets, BU Private Clients will continue to build scale to improve its competitive position and efficiency throughout 2007.

A further area in which BU Private Clients will increasingly seize opportunities during 2007 is the Private Wealth Management segment. This segment, which consists of clients with more than EUR 25 million in liquid assets, is growing at a fast pace. To address its specific needs, BU Private Clients is expanding its service offering and creating dedicated Private Wealth Management units throughout Europe. In targeting this segment, the BU will actively leverage the expertise of VermogensGroep.

BU Private Clients believes that the commitment of its employees and clients is indispensable to the BU's efforts to reach its ambitious growth objectives. With this in mind, BU Private Clients will remain focused on its employee and customer engagement

Creation of Neuflize OBC

The merger of ABN AMRO's French subsidiaries Banque de Neuflize and Banque OBC, creating Neuflize OBC, brought together the best of both of these prominent domestic brands in French wealth management to create the fourth-largest private bank in France. The most striking successes achieved by the integration programme included the rebranding and marketing communications launch of Neuflize OBC, as well as the introduction of an intimate client-focused approach that differentiates us from our peers in this competitive market.

initiatives in 2007. Additionally, in order to make a positive contribution to sustainable development, BU Private Clients has developed a focused range of new sustainable investment products, which will be launched in 2007. Going forward, the BU aims to integrate sustainability considerations increasingly closely into its investment advice to clients.

Product BUs

BU Global Markets

BU Global Markets helps to drive the current and future growth of ABN AMRO by delivering product solutions that meet the diverse capital markets requirements of the bank's chosen clients. BU Global Markets is organised into four core areas: Equities (multi-product trading and distribution); Financial Markets (multi-asset-class trading and distribution); Fixed Income Capital Markets (integrated cross-border fixed-income origination); and Structured Lending (syndicated and structured loans). The BU Global Markets team is made up of approximately 3,500 employees with hubs in Amsterdam, Chicago, Hong Kong, London, New York, Singapore and Sydney.

Strategy, products and services

BU Global Markets combines the Group's global product expertise with local client intimacy. It develops innovative solutions for financial institutions, mid-market clients and sophisticated multinationals, working in close cooperation with the regional and global Client BUs.

Throughout 2006, BU Global Markets built up increased momentum across all lines of business, delivering operating income growth in each core area and in each of the bank's five regions. The BU surpassed its commitment to achieve a five percentage point improvement in its efficiency ratio for 2006, through a series of initiatives delivering sustained improvement in productivity and efficiency and providing a further platform to build on.

Key actions in 2006 included:

- Focusing investment in areas of established product strength (for example the Private Investor Product franchise) and in support of key growth opportunities (including structured and derivative products)
- Tighter cost control
- Greater discipline in choices about the BU's participation in certain products or regions, based on the extent to which particular activities explicitly support its chosen client base (for example the sale of the BU's Global Futures business and the withdrawal from US Treasury primary dealer activities)
- A number of human resource initiatives aimed at developing and supporting a high-performance culture, including tighter alignment of reward.

In delivering this improvement in performance, BU Global Markets has continued to build on its established reputation for innovative, sustainable product solutions that incorporate social and governance considerations. For example, in 2006 BU Global Markets developed socially responsible solutions across a number of business lines:

- The Commodity Derivatives team started trading on an over-the-counter basis in EU allowances and building a pipeline of potential carbon credit trades under the Kyoto protocol scheme
- Equities established a market leading position in listing some of the first 'carbon' businesses
- Structured Lending developed new products backed by emissions allowances and carbon credits.

In addition, the Private Investor Products business succesfully introduced a range of eco-related products in 2006. It is expected that revenues from this product line will grow significantly in 2007. BU Global Markets' portfolio includes index-based products in water and clean energy as well as sector-based solar and biofuels indices.

First PIPE transaction

BU Global Markets completed a number of landmark transactions in 2006. Examples include the successful launch of Private Investments in Public Equity (PIPE), which is a structured equity-linked financing solution for small to mid-cap companies who would not normally be able to gain access to the capital markets. Our operating model allows us to bring our 'sweet spot' clients together with the hedge funds and private equity firms who are interested in investing in the mid-market sector.

The first PIPE transaction that ABN AMRO executed was for a mid-market, Hong Kong-based clothing company (HKD 600 million market capitalisation) that was too small to access the capital markets directly, but was interested in raising finance and boosting its investor profile. The solution was a HKD 60 million privately-placed convertible bond, developed and executed by BU Global Markets. ABN AMRO was well-placed to win the mandate because of its existing relationship with the company and its strength in the Asian equity-linked sector.

This transaction clearly reflects the excellent team effort required throughout the entire process, all the way from identifying the need to closing the deal. It is also a good demonstration of how our cross-BU synergies can help us focus on our target mid-market clients and achieve the optimal outcome.

Initiatives for 2007

The focus of BU Global Markets in 2007 will be on continuing to deliver against its efficiency target from the stable base established during the past year. Critical to this will be the achievement of material growth by providing BU Global Markets' product solutions to the target 'sweet spot' client base.

Based on the structural improvements realised in 2006 and the momentum created across all business lines, BU Global Markets has brought forward its profitability improvement plans, and is now targeting an efficiency ratio of 75% for 2007. This will be achieved through a combination of revenue growth and tight cost control.

There is significant scope for further increases in revenues and improvements in BU Global Markets' efficiency ratio by more effectively leveraging the BU's product offering with the Group's existing clients, particularly the commercial and financial institution client segments that the Group is targeting. Financial institutions have underpinned much of the revenue growth in 2006 and are a particular area of emphasis for 2007 and 2008.

BU Global Markets will continue to analyse all aspects of its business and make participation choices that give the BU the best opportunity to serve ABN AMRO's clients profitably. In order to do this, it is willing to forgo market share in certain products or regions where these activities do not support the bank's targeted clients. At the same time, BU Global Markets will continue to invest in its infrastructure and in its people, continuing to build and maintain a high-performance culture.

BU Transaction Banking

BU Transaction Banking provides cash management, trade services and payment cards for all of ABN AMRO's client segments, across all regions worldwide. Bank accounts and payments services lie at the core of BU Transaction Banking's activities and at the heart of the bank's client relationships. Across all segments, these services provide the foundation for cross-selling, enabling us to expand the relationship with each client. With a focused team of approximately 1,600 mainly regionally based staff, BU Transaction Banking provides services in more than 50 countries and handles billions of transactions every year.

Strategy, products and services

Marked by good progress in several key areas, 2006 was a good year for BU Transaction Banking. These included growing the BU's overall business by 13%, making continued progress with its client satisfaction indices, increasing its footprint for web-based delivery to all major locations, providing thought leadership in the debate surrounding the Single Euro Payments Area (SEPA) and further

improving its recognition in the marketplace by winning eight major awards. BU Transaction Banking continued to make solid progress towards achieving its strategic objectives – to increase its scale, expand its cross-border business and invest in selected growth markets.

Transaction banking is a scale-driven business that requires investment in state-of-the-art technology. BU Transaction Banking is tackling this challenge by growing its business with financial institutions and capitalising on opportunities in Europe arising from the implementation of SEPA and the Payment Services Directive. ABN AMRO's global capabilities give BU Transaction Banking a competitive advantage in terms of insourcing business from other banks, enabling it to engage in a worldwide effort to win mandates in a number of product areas, with particular strength in trade processing services. SEPA will level the playing field in Europe and enable the bank to build scale by offering payment products seamlessly across the eurozone.

Since ABN AMRO is one of the top global players in the transaction banking industry, and cross-border payment flows are forecast to grow significantly over the next decade, BU Transaction Banking is well-placed to capture a larger share of this business. Global expansion is encouraging mid-market companies to seek out lowest-cost sourcing and to move into new geographic markets. BU Transaction Banking is already capitalising on these trends successfully by intermediating both sides of transactions via its supply chain solutions, and by helping its commercial clients to manage the flow of both funds and goods as they expand into international markets.

BU Transaction Banking believes there are good opportunities to grow its business further and faster, particularly in Asia and Eastern Europe. The BU's strategy is to invest in key growth markets to maximise the opportunities available in these fast-growing economies, and the results show that the BU is on track to achieve these goals.

BU Transaction Banking actively supports ABN AMRO's sustainability related initiatives through the bank's regional BUs. The Mobile Banking initiative for microfinance in India is an example of the BU's active engagement. The appointment of BU Transaction Banking's CEO Ann Cairns as Chairwoman of the 'ABN AMRO Foundation', the bank's charitable poverty alleviation organisation, will further support the BU's efforts to foster sustainable development.

Initiatives for 2007

BU Transaction Banking's strategic focus in 2007 will continue to be on increasing its scale and cross-border business volume as well as

Innovation in products and technology

Ongoing innovation and an increase in cross-regional deals underpinned our strong performance in 2006. Product innovation is a key element of our strategy, and continuous improvements to our infrastructure mean that we are recognised as market leaders in a range of solution areas. For example, our robust liquidity solutions allow us to offer a range of investment options to our clients around the globe, with cross-currency pooling established as a particular strength. The expertise we have in each of our domestic markets combines with our global expertise, favourably positioning us to capture more cross-border flows and a greater proportion of our clients' business as they consolidate their relationships with the most capable providers.

Technology innovation is a primary driver of success in the transaction banking industry. In 2006, we extended our global internet banking platform, Access Online, to more than 30 countries, and continued to win recognition and awards for our cutting-edge global trade portal and innovative supply chain solutions. We continue to deploy our technology assets and ongoing investments to build a robust infrastructure that will help us realise our global growth ambitions. For 2007 and beyond, we will drive further efficiencies and focus on growing our revenues by making the most of our strong network.

investing appropriately in selected growth markets. Other objective on the BU's list of priorities include improving its infrastructure to maximise the advantages the BU's scale provides, and focusing on integration to gain greater efficiencies.

The acquisition of Antonveneta in Italy has provided ABN AMRO with a large domestic transaction banking presence in the country. BU Transaction Banking's objective for 2007 is to drive forward a strategic agenda for the Italian market aimed at realising potential synergies and maximising the value of growth opportunities.

The high-quality earnings generated by BU Transaction Banking's business provide a stable and predictable annuity stream with an attractive return on equity. The BU's goal is to continue to build scale in this business in order to increase the returns to the bank even further. To help it do this, the BU will reduce unit costs by driving more volume through its infrastructure, leveraging its expertise and solid reputation to grow processing volumes insourced from other financial institutions. BU Transaction Banking will also build scale by improving its share of business from growth markets and by capitalising on the opportunities to expand its footprint in Europe as a result of SEPA.

BU Asset Management

BU Asset Management is ABN AMRO's global asset management business, managing approximately EUR 193 billion in specialist mandates and mutual funds. BU Asset Management has more than 1,500 employees and operates in 26 countries worldwide, offering investment products in all major regions and asset classes. Its products are distributed directly to institutional clients such as central banks, pension funds, insurance companies and leading charities. Funds for private investors are distributed through ABN AMRO's consumer and private banking arms, as well as via third-party distributors such as insurance companies and other banks. The business from institutional clients represents just over half of the assets managed by BU Asset Management. Consumer and third-party clients account for a further 30%, and the remainder is in discretionary portfolios managed for BU Private Clients.

Strategy, products and services

For BU Asset Management, 2006 represented the third year of a strategic programme to focus on markets in which it can establish critical mass and build sustainable profitable growth, both for the bank's shareholders and its clients. BU Asset Management acquired International Asset Management, a leading 'fund of hedge funds' manager, in February and completed its integration in May, enabling the BU to provide its clients with a broader range of specialised investment capabilities and enhanced expertise from a trusted provider.

April saw the sale of BU Asset Management's US mutual fund business to Highbury Financial Inc. This enabled the BU to strengthen its position in the US by concentrating on the institutional marketplace – BU Asset Management's core US business, representing more than USD 35 billion in Assets under Management. The sale involved 19 mutual funds accounting for USD 6 billion, the management of which remains with BU Asset Management.

In June, BU Asset Management increased its share in its Beijing joint venture to the 49% maximum permitted by Chinese law, and changed its local partner from XiangCai Securities to Northern Trust, a member of Tianjin TEDA holdings – a major conglomerate with assets of approximately EUR 8 billion. Additionally, the BU raised the joint venture's registered capital to EUR 18 million from EUR 10 million to facilitate its foray into the

institutional portfolio management business and the qualified domestic institutional investor business, allowing domestic offshore investment.

In July, the BU divested its onshore Taiwanese asset management business to ING Group. BU Asset Management will now provide retail and third-party distributors in this market with a focused range of offshore investment opportunities and services. These achievements further underline the BU's commitment to focus on high-quality assets, profitable businesses, growth, and leveraging its global capabilities.

Throughout 2006, BU Asset Management's socially responsible investment (SRI) initiatives gained momentum, with products that allow clients to invest in companies that work towards sustainable development. The BU offers more than 20 SRI funds. These funds invest in companies that maintain rigorous environmental, social and corporate governance criteria, while also showing solid performance. BU Asset Management believes its clients will benefit from investing in its SRI funds because companies that protect the environment, have good relations with their employees and communities, and have strong corporate governance policies, are better investment options in the long term.

BU Asset Management is also committed to integrating environmental, social and governance factors into its (non-SRI) investment processes. This process is reflected in the United Nations Principles for Responsible Investment, which the BU signed onto in May 2006.

Initiatives for 2007

BU Asset Management will remain committed to its private, consumer and commercial clients, operating on a global basis, while delivering high-quality service and solutions to clients via strong local presences. Having successfully completed its strategic programme in the past three years, 2007 will see the BU embark on the strategic journey to take it to 2010.

Part of this strategy will involve building closer links with other parts of the bank – particularly the consumer and private banking channel – in order to deliver better customer experience and maximise returns for the Group. As part of the Group's integration of Antoveneta, BU Asset Management will merge its asset management operations and expand into the important Italian market. The BU will pursue organic growth in all regions where it operates, with a particular focus on growth opportunities in North America and Asia. In the year ahead, the BU will continue to examine its product portfolio with a view to optimising its capabilities and the performance of its major products. On a service level, the BU will further strengthen its core business by placing emphasis on sales and client retention.

Delivering leading investment performance and tailored solutions

We focus on our clients and take pride in developing the products that meet their needs and leverage our competitive advantage: investment expertise, global reach and in-depth client knowledge. Through open dialogue based on the needs of our clients – and in the spirit of ABN AMRO's tag line 'Making more possible' – together with BU Netherlands and Private Clients Netherlands, we developed and delivered a discretionary portfolio management solution for the bank's consumer and private banking clients. This has generated more than EUR 2 billion in total assets so far and is expected to keep delivering shared success in 2007.

Discretionary portfolio management was also an element of the continued success of our Absolute Return Bond Fund. With nearly EUR 2 billion after just 18 months, the fund has successfully tapped the demand for a low-risk product with higher returns than a money market fund and more liquidity than a certificate of deposit. The fund aims to provide a positive return in all market environments, and accordingly its annualised performance since inception has enjoyed 3.72% (I shares) net returns.

Cross-BU Segments

Consumer Client Segment

The Consumer Client Segment comprises the Consumer Banking heads of all ABN AMRO's Client BUs. Led by a member of the Managing Board, the Consumer Client Segment meets frequently to share results and identify new opportunities for growth.

The Consumer Client Segment management agenda, which was outlined early in 2006, has a primary focus on delivering growth for the consumer business. Realising that consumer banking is a multi-local business, the Consumer Client Segment aims to leverage ABN AMRO's global capabilities by replicating successes, driving synergies, and identifying global consumer initiatives. The ambition for growth is the guiding principle that is underlies all new initiatives.

The continued roll-out of the Preferred Banking offering in several markets is one example of ABN AMRO's ability to export successful concepts, skills and best practice across markets. In the US, Preferred Banking has been rolled out in selected locations in Illinois and Michigan. In the same vein, the Young Professionals concept has been extended from the Netherlands to selected markets in Asia and Latin America. The adaptation of winning marketing formulas across the Group is a cornerstone of the bank's drive to maximise the potential of the Group. Young Professionals proves its success as being a feeder of clients into the bank's 'sweet spot' consumer segment.

In 2006, the Consumer Client Segment continued executing comprehensive analyses of ABN AMRO's existing credit card operations. As a result, best practice from various areas has been shared to further improve local credit card operations. The Consumer Client Segment also seeks to expand this approach to other business areas as well.

The talent of ABN AMRO's employees in an important factor in increasing growth in the bank's consumer banking business. In 2006 a structural talent exchange programme was established that facilitates deployment of talent where it is needed most and helps ABN AMRO's employees to further broaden their international and cultural skills and knowledge of consumer banking.

The priorities for 2007 will be based on the path for growth that was paved in 2006 and further investigation of opportunities for creating cross-BU synergies and advantages. The main focus will be on delivering the results of the projects that were started in 2006: enhancing the bank's credit cards operations and rolling out winning market formulas across the Group.

Commercial Client Segment

The Commercial Client Segment encompasses all of ABN AMRO's commercial clients, ranging from large multinationals through mid-market corporate clients to the SME client portfolios. Client relationships are maintained in the bank's regional Client BUs and the BU Global Clients, while the Commercial Client Segment coordinates activities across both the Client and Product BUs, sharing best practice and the overall strategic framework supporting this essential component of the bank's portfolio.

The main priorities and challenges for 2006 were to ensure that ABN AMRO's network and product capabilities were aligned to efficiently serve the needs of the bank's commercial client base, in a way that enhances client satisfaction and makes a positive contribution to overall shareholder

value for the Group. Much of what was achieved in 2006 revolved around implementing best practice in different regions or client sub-segments.

The year 2007 will see the Commercial Client Segment execute a number of product initiatives in selected locations, such as the wider establishment of Regional Treasury Desks – which bring the basic BU Global Markets products to ABN AMRO's smaller clients in a more efficient manner – and the roll-out of the supply chain services offered by BU Transaction Banking to a wider set of clients.

The Commercial Client Segment will continue to optimise the use of capital to ensure that selected clients and initiatives are supported, while also seeking to address those areas and clients from which the bank does not yet generate sufficient returns.

At the start of 2006, the Commercial Client Segment launched an initiative to compare the global footprint of ABN AMRO's clients with the bank's international structure. The analysis showed potential opportunities for incremental business contacts with clients; as a result, a coordinated and concerted effort to connect ABN AMRO's bankers with these opportunities was initiated. This initiative is now being rolled out globally, with expected growth in network revenues of up to 20% when complete. As ABN AMRO continues to build this increased connectivity, the bank's clients will benefit from a more comprehensive international offering.

Other businesses

Private Equity

The business model of ABN AMRO's Private Equity unit – branded as ABN AMRO Capital – involves providing capital and expertise to non-listed companies in a variety of sectors. By obtaining, in most cases, a majority stake, Private Equity has the ability to influence the company's growth strategy and increase its profitability. It then aims to sell its shareholding at a profit after a number of years. Private Equity specialises in European mid-market buyouts, but also manages a portfolio of investments in Australian buyouts, non-controlling and controlling shareholdings in small to medium-sized Dutch companies (*'participaties'*), and dedicated media and telecom sector investments. It operates from seven offices across Europe and Australia and has 93 employees.

Strategy, products and services

In the past two years, Private Equity has developed and implemented major improvements to its business and operational model. This programme has involved changing its investment focus from taking minority shareholdings in small to medium-sized early and later stage companies, to obtaining full control of mature mid-sized companies. Private Equity also reduced its geographical footprint, while at the same time increasing the average size of its investments. It now operates from the Netherlands, France, the Nordic countries, the UK, Italy, Spain and Australia.

This strategy change has resulted in Private Equity becoming a major player in European mid-market buyouts. In recent years it has consistently appeared in the top five most active European mid-market firms, both by number of new deals and number of exits. In 2006, the core European mid-market buyout business added nine new investments to its portfolio by investing in management buyouts, management buy-ins, secondary buyouts and buy-and-build investments. At 31 December 2006, the European buyout portfolio consisted of 46 companies in sectors ranging from consumer, industrial engineering, to support sevices and media.

In 2006, Private Equity realised seven investments in its core market segment, bringing the total of realised investments out of its 2000-2006 European buyout portfolio to

Buyout of Röntgen Technische Dienst

In December 2002, Private Equity invested EUR 14.4 million in Röntgen Technische Dienst (RTD), a market leader in non-destructive testing and inspection services to the oil, gas and petrochemical industries. RTD had a proven track record of quality and reliability in servicing its client base, and generated predictable earnings, which accounted for about 70% of its revenues. Private Equity's Dutch buyout team saw the opportunity to build a long-term consolidator in the highly fragmented testing market.

Working in partnership with RTD's experienced management team, Private Equity helped to turn the company into a major market player with an attractive growth profile. Several value enhancing strategies were implemented under its ownership, such as an 'Operational Excellence' programme, which created transparency and accountability in the organisational structure. By providing strategic advice and additional capital, Private Equity was integral in executing a 'buy-and-build' strategy, resulting in a strong compounded annual sales growth of 10%. Together, the value enhancing strategies resulted in a compounded annual EBITDA growth of more than 20% during the investment period.

In 2006, Private Equity initiated a competitive auction to realise its investment in RTD, culminating in a sale to the Spanish company Applus Servicios Tecnológicos. The sale generated total proceeds of EUR 137.5 million for Private Equity, representing an overall money multiple of 9.5 times the cost of its investment and an Internal Rate of Return of 96%.

31 companies. On average, Private Equity achieved a money multiple of 2.7 times the cost of its investments in these companies. The sale of Röntgen Technische Dienst, described on page 64, illustrates the type of techniques Private Equity is using to enhance the value of its companies.

From an operational perspective, Private Equity successfully reorganised its business in 2006 as a semi-independent subsidiary of ABN AMRO with greater autonomy in its operational and decision-making governance. The current structure allows Private Equity to raise future funding from third parties more easily if deemed opportune. Further changes to its early stage portfolio have resulted in outsourcing the management of its IT portfolio. Additionally, it sold its Life Sciences portfolio to Forbion Capital Partners. ABN AMRO will continue to be an investor in Forbion's fund.

Initiatives for 2007

Following the reorganisation, Private Equity is in a good shape to focus solely on its regional and country activities as defined in its strategy. Private Equity believes that the Netherlands, the Nordic region and the UK represent the greatest potential for commercial and organisational synergies and will therefore focus its regional activities on the Northern European market. 2007 will be used to further integrate Private Equity's regional teams to continue to develop the top position they hold in the mid-market buyout segment in this market. Additionally, Private Equity will continue its country activities in Australia, France, Italy and Spain.

Private Equity is continually looking for ways to improve its investment managers' ability to identify and initiate value-enhancing strategies and initiatives at their portfolio companies. It has set up a programme of training sessions and reviews for 2007.

In the current competitive marketplace, Private Equity will use 2007 to focus on strengthening its relationships with key intermediaries, advisers and its network of existing and former managers of investee companies, in order to increase its chances to get access to proprietary dealflow.

Through its *'participaties'* team, Private Equity is also working together with the BU Netherlands to add development and expansion capital to ABN AMRO's product offering for small-cap commercial clients. The *'Participaties Fund'*, which was set up in 2006, will be further promoted in 2007, allowing ABN AMRO to strengthen relationships with its small-cap client base and to enhance the prospect of cross-selling its banking products to Private Equity's small to medium-sized investments.

Group Functions

Group Functions provides guidance on ABN AMRO's corporate strategy and supports the implementation of the strategy in accordance with the bank's Managing for Value methodology, Corporate Values and Business Principles. By aligning and uniting functions across ABN AMRO's BUs and geographical territories, Group Functions also facilitates Group-wide sharing of best practice, innovation and positioning to public authorities, and binds the bank in both an operational and cultural sense. Group Functions has approximately 3,800 employees.

Strategy, products and services

Group Functions aims to be a centre of excellence, exploring value-creating opportunities, providing capabilities where needed and helping BUs meet their objectives, while balancing the interests of the BUs with those of the bank as a whole. In doing so, Group Functions promotes the bank's global brand name and the combined strength of the Group as one bank.

This mandate translates into four roles:

- *Governance:* Group Functions enables ABN AMRO to exist as a single entity and is responsible for corporate governance. It is in charge of compliance with regulatory and legal requirements, including compiling and reporting consolidated financial statements.
- *Influencing and making policy:* Group Functions adds value by assisting in the execution of the Managing Board's strategic guidance. It designs, implements and monitors the standards and policies within which the BUs work. It also monitors performance targets and progress towards reaching them, and provides expert advice and assistance in key areas.
- *Service provision:* Group Functions facilitates and exploits cross-BU synergies by providing support services in specific business areas for the Group, in close cooperation with the BUs.
- *Challenging:* Group Functions challenges the BUs in the execution of their business strategies.

Group Functions carries out its activities through several departments, ranging from Group Finance to Investor Relations, Group Compliance & Legal to Group Communications and Group Risk Management to Group Human Resources. In addition, Group Functions oversees the financial performance of certain shareholdings, including the 8.6% stake in Italian bank Capitalia. The sale of ABN AMRO's 40.2% stake in Hungarian Kereskedelmi és Hitelbank (K&H Bank) to KBC Bank, which was announced on 12 December 2005, was completed on 29 May 2006. In September 2006, ABN AMRO sold its Global Futures business to UBS.

In 2006, a new organisation structure was adopted, which enabled Group Functions to be managed in a more integrated way across the various BUs within the Group. The ties between Group Functions and the BUs were further strengthened through a greater focus on internal client satisfaction.

Initiatives for 2007

On 30 October 2006, ABN AMRO announced that activities to improve operating performance in 2007 would be accelerated, among others by improving operational efficiency in Group Functions. These changes will affect more than 500 full-time equivalents (FTEs) at head office, predominantly in Risk Management and corporate IT projects, through a combination of outsourcing, offshoring and redundancies.

The strategic agenda for 2007 aims to improve operational efficiency in Group Functions and capitalise on initiatives started in 2006. This includes:

- Restructuring the Group Risk Management organisation
- Transforming to a new HR operating model
- Implementing the IT operating model for Group Functions more expeditiously
- Ensuring regulatory compliance with the Sarbanes-Oxley Act, the International Financial Reporting Standards (IFRS), Basel II and the Cease and Desist Order imposed against the bank by US federal and state bank regulatory agencies in conjunction with ABN AMRO's home country supervisor, the Dutch Central Bank
- Further developing and implementing a standardised Management Information System infrastructure within ABN AMRO
- Finalising the integration of sustainability into the core activities of the BUs, Group Functions and Services
- Establishing Group Public Affairs; this new function will be in charge of effective analysis of and engagement in the global political, economic, social and environmental arenas, enabling ABN AMRO to be a responsible corporate citizen, creating competitive advantage and more value for all stakeholders.

Services

ABN AMRO's Services organisation is responsible for delivering internal support services across the bank's global, regional and product BUs worldwide. Its core areas are IT, Operations, and Corporate Services.

The Services organisation was created in 2006, bringing together all services units within the bank and building on the experience of the Group Shared Services (GSS) programme, which was initiated in 2004. It currently has approximately 900 employees.

Strategy, products and services

The objective of the Services organisation is to deliver best-in-class support services to ABN AMRO's internal clients by leveraging its scale and optimising the use of shared services across the bank.

Services manages a portfolio of initiatives to deliver 'fuel for growth' – helping to drive the efficiency improvements that are required to enable ABN AMRO to release funds for new investments in areas with strong growth potential. These efficiency improvements, which were started at the end of 2004, are expected to realise net savings for the Group of at least EUR 900 million by the end of 2008.

In addition to making the transition to the new Group-wide organisation in 2006, Services has focused its attention on consolidating activities in Operations, further aligning the IT organisation, and accelerating planned initiatives to optimise the global property portfolio.

Services Operations

As part of the 'fuel for growth' strategy, Operations introduced the Services Operations initiative in April 2006. This programme comprises a portfolio of projects covering the full scope of Services Operations activities, with each project aimed at creating value by driving regional and global synergies and reducing duplication. The initiative brings together approximately 150 projects at the global, regional and local levels under a single umbrella programme, and includes large-scale systems replacements, process reengineering and consolidation, outsourcing and offshoring.

Services IT

Since ABN AMRO restructured its organisation in January 2006, all IT areas across the bank have been aligning themselves to the global multi-vendor operating model of Services IT. A number of alignment programmes are under way to ensure that the bank realises the full potential of its global outsourced technology contracts. Initial target areas contributing significant savings have been identified by these programmes, with an initial focus on the UK as part of BU Europe. Recent initiatives have included further offshoring and outsourcing of application development, rationalisation of servers and data centres, and a significant reduction in contractors and consultants.

Corporate Services

Global Property & Facilities Management Services continued to identify, coordinate and implement best practice across the ABN AMRO occupied property portfolio in 2006. This included making workspaces as efficient as possible, getting rid of surplus space and improving facilities management across the BUs.

Global Procurement continued to work in close cooperation with the other Services functions and its internal business partners to ensure best value for money from suppliers. A more rigorous category-planning process was launched in 2006, which ensures that business goals are clearly understood, that requirements are identified proactively and that sourcing plans are put in place. This

Main business achievements

Services has been able to deliver all its planned initiatives in 2006. Highlights include:

- Services IT has successfully offshored helpdesk services in conjunction with its business partner, IBM. This included offshoring the Dutch helpdesk to IBM's Integrated Delivery Centres and the consolidation of 16 helpdesks in India to one central helpdesk
- Global implementation of ACBS (Advanced Commercial Banking System) as the preferred commercial lending platform for ABN AMRO, rolled out in association with vendor partners Fidelity Information Services
- A joint team drawn from Services Operations and IT signed a highly favourable global licence deal with EMC² for a standard technology solution for document management and workflow
- The transformation of global sites to Voice over IP telephony began, under the five-year contract signed with Avaya in 2005.

approach puts the bank in a position to achieve best value from the supply market before undertaking specific transactions.

Sustainability

Services is committed to continuously improving the integration of sustainability into its workplace and business processes. In 2006, Services continued to incorporate sustainability criteria into its procurement processes, putting codes of conduct in place for products and services sourced during the year. A further important step forward was the successful piloting of a web-based reporting tool for tracking sustainability data per region, country or facility. This Sustainability Dashboard displays key data such as energy performance, which enables the bank's various facilities to optimise their energy consumption. Services is also instrumental in the realisation of ABN AMRO's global energy efficiency programme, targeting a reduction of 10% in Group-wide energy consumption by 2008 (compared with 2004) based on relative metrics – kWh per square meter, kWh per FTE – and with a proportionate reduction in carbon dioxide emissions.

Initiatives for 2007

Services will accelerate the delivery of its existing market commitments in 2007, while actively seeking out new opportunities to realise further efficiencies.

Services IT will concentrate on completing the implementation of its target operating model and governance. IT initiatives in 2007 will focus on further offshoring of application maintenance, consolidation of server environments and the transition of most of the infrastructure operations to the chosen vendor. In addition, a global IT product and service catalogue will be implemented to improve control of service options, quality and price for our internal clients.

New initiatives that were announced in 2006 in Services IT in BU Europe and in Services Operations will get fully under way in 2007.

Global Property & Facilities Management Services will drive further efficiencies, pursuing opportunities for continuing cost reductions and portfolio optimisation through space efficiency and surplus space elimination programmes, enhanced facilities management, and rightsizing and standardisation.

Within Procurement, preparations were made to set up a purchase-to-pay (P2P) initiative, which is planned to go into operation in early 2007. This initiative aims to achieve substantial direct efficiency savings and – more importantly – increased control, transparency and standardisation through the use of one global set of standard P2P processes and tools.

RISK AND THE CAPITAL FRAMEWORK

Risk and capital management

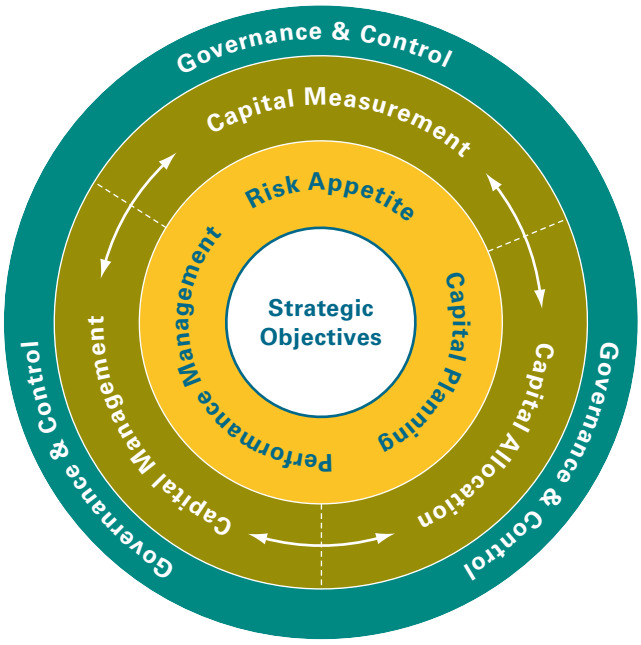
ABN AMRO uses a comprehensive and robust risk management framework to ensure all risks are identified, managed and controlled.

The following two sections detail the risk management practices employed by the bank in the wider context of the relationship between risk, capital and earnings.

Risk and the Capital Framework

The strategic objectives set by the Managing Board determine ABN AMRO's risk appetite, being one of the inputs for our capital planning and performance management. Risk appetite is the maximum risk ABN AMRO is willing to accept in executing its chosen business strategy, to protect itself against events that may have an adverse impact on its profitability, capital base or share price.

Figure 1: The Capital Framework



Risks are being managed within the Group by using limits or checkpoints set across the dimensions of capital, earnings volatility and concentration risk, constrained by the maximum risk appetite defined.

Capital forms the buffer to absorb losses arising from the risks the bank is exposed to. Therefore risk is an essential element in the Capital Framework.

The Group's Capital Framework is founded on ABN AMRO's strategic objectives, which determine the Group's risk appetite, capital planning and performance management. Risk appetite is amongst others expressed and quantified in terms of economic capital. Economic capital represents ABN AMRO's internal requirement for capital. Economic capital and assigned risk capital, the amount of capital allocated to the BUs, are explained in more detail in the Capital measurement paragraph, starting on the next page.

The Group's risk appetite, capital planning and performance management form the basis for the process of:

- Capital measurement: the measurement of risk resulting in an estimate of the requirement for capital
- Capital allocation: the allocation of capital to the separate BUs
- Capital management: the management of the supply of capital versus the demand for capital.

This process is supported by governance and control.

The design of the Capital Framework is illustrated on the left in Figure 1.

In this way, ABN AMRO can quantify overall risk appetite at Group level, subsequently

cascade this risk appetite, in the form of assigned risk capital, down into each BU and therefore measure performance and manage its risk levels consistently across each BU.

The process aims at allocating resources dynamically to those businesses that provide superior returns on assigned risk capital, so that total return to shareholders is optimised given the set level of risk appetite. Apart from managing assigned risk capital, ABN AMRO must also manage the regulatory capital requirements.

Risk-weighted assets are managed in a complementary fashion through the Capital Framework, with risk-weighted assets limits being allocated to each BU alongside assigned risk capital.

In terms of the Basel II Capital Accord, Pillar 1 and Pillar 2 capital requirements will be managed through the Capital Framework.

Please refer to note 40 to the financial statements, starting on page 217, for an overview of the regulatory capital amounts and ratios.

Capital measurement

The capital that is measured in ABN AMRO is both the internal demand for capital (economic capital) as well as the regulatory capital (risk-weighted assets).

Economic capital is a measure of risk that indicates how much capital ABN AMRO should maintain to sustain unexpected losses with a high degree of certainty, given the exposures of the bank. ABN AMRO uses a confidence level of 99.95% in these calculations.

Economic capital is calculated for the following risks:

- Credit Risk and Country Event Risk (including equity stakes and private equity exposures)
- Interest Rate Risk (banking book positions)
- Market Risk of trading book positions
- Operational Risk
- Business Risk.

As ABN AMRO is active in many locations in the world and is involved in many different business activities, regional and industry diversification as well as the diversification between different risk types is taken into account in calculating cconomic capital.

Basel II

On 26 June 2004, the Basel Committee on Banking Supervision endorsed the publication of the 'International Convergence of Capital Measurement and Capital Standards: a Revised Framework', commonly referred to as Basel II. The Capital Requirements Directive (CRD) representing the translation of Basel II to EU legislation and replacing the Capital Adequacy Directive (CAD), was approved by the European Parliament in September 2005. This acceptance by the European Parliament cleared the way in Europe for the implementation of the Capital Requirements Directive, with a published compliance date of 1 January 2008.

The implementation process of Basel II into Dutch legislation and regulations was as of yet completed when, on 22 December 2006, the Dutch Central Bank published its Supervisory Rules.

Basel II allows for several different approaches to implement requirements for Credit, Market and Operational Risk. ABN AMRO aims to implement the most advanced approaches, for all risk types, at the earliest opportunity.

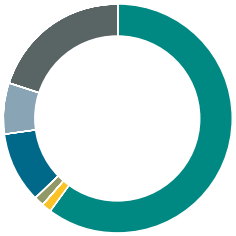
In setting up our Basel II programme, the teams across Risk, Finance, Services and the BUs have evolved as the implementation ramped up. Our key focus areas in 2006 included:

– validation of risk models
– integration of granular risk and finance information relating to the bank's portfolios
– development of tools for calculating credit risk-weighted assets.

At the heart of Basel II is a series of best practice risk and capital management techniques that are the embodiment of ABN AMRO's existing approach to risk and capital management.

Assigned risk capital per risk type (2006)

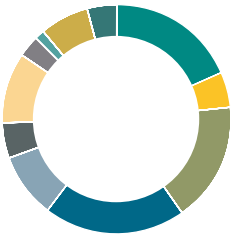
Total EUR 24 billion



- Credit Risk and Country Event Risk: 61%
- Market Risk (trading book): 1%
- Interest Rate Risk (banking book): 1%
- Operational Risk: 10%
- Business Risk: 7%
- Capital assigned to BUs for other risks: 20%

Assigned risk capital per BU (2006)

Total EUR 24 billion



- BU Netherlands: 19%
- BU Europe (excluding Antonveneta): 5%
- Antonveneta: 17%
- BU North America: 20%
- BU Latin America: 9%
- BU Asia: 5%
- BU Global Clients: 10%
- BU Private Clients: 3%
- BU Asset Management: 1%
- Private Equity: 7%
- Other: 4%

ABN AMRO calculates economic capital using its own internally developed methodology.

Assigned risk capital comprises economic capital for the above-mentioned five risk types (currently approximately 80% of assigned risk capital) and an add-on for other risks.

The assigned risk capital per risk type is visualised in the top graph on the left.

We note that a comparison of ABN AMRO cconomic capital and/or assigned risk capital with that of other financial institutions is hampered by the fact that banks use a wide variety of definitions, model coverage and underlying assumptions. Concepts based on statistical methods, including economic capital and assigned risk capital, by definition have limitations.

ABN AMRO is currently developing and implementing its Basel II infrastructure. As a result, our economic capital and assigned risk capital models may change due to improvements in our ability to measure risks.

Currently, risk-weighted assets are calculated under the Basel I capital regime. During 2007, both Basel I and Basel II risk-weighted assets will be calculated as a part of an internal parallel run. As of 2008, ABN AMRO aims to implement the advanced approaches for all risk types under Basel II, Pillar 1.

Capital allocation

Capital within ABN AMRO is recognised and valued as a scarce resource, and is allocated centrally by the Group in line with its business strategy.

Capital allocation is embedded in the Strategic Management Process, an all-encompassing management tool that incorporates goal setting, strategy development, resource allocation and performance measurement. The underlying objective of this process is to ensure that capital is allocated in a manner that maximises value creation from a Group perspective within the constraints of ABN AMRO's overall risk appetite.

In recognition of the diverse markets and geographic locations in which ABN AMRO operates, this top-down approach includes a complementary bottom-up process, with input from the BUs, to ensure value-creating opportunities are identified and appropriately addressed.

The result from this process is the allocation of budgets to the BUs for assigned risk capital and for risk-weighted assets. The target returns on assigned risk capital are based on the Group-wide return on equity (ROE) target.

For the assessment of the performance of the BUs, Economic Value is applied as a metric. Economic Value is the net present value of the cumulative economic profit, which is essentially net profit adjusted for a charge on assigned risk capital and goodwill.

Economic profit is measured on a quarterly basis to ensure that capital allocated is generating the desired returns, and to benchmark the performance of the business against those of internal and external peers. The assigned risk capital per BU is visualised in the bottom graph on page 72.

Capital management

Capital management aims to ensure that there is sufficient capital to meet the capital requirements of the bank as determined by the underlying business strategy.

Capital is managed within ABN AMRO through a centralised Capital Management function within Group Asset and Liability Management, which seeks to:

- Actively manage the supply of capital for the bank in order to reduce capital costs and increase capital velocity
- Increase strategic and tactical flexibility in the deployment of capital to allow for the timely reallocation of capital
- Improve the liquidity of the bank's assets to allow for an optimal deployment of the bank's resources.

The integration of Capital Management and Asset and Liability Management allows a single centralised function within ABN AMRO to take a holistic view of the capital supply and demand equation, and initiate appropriate actions as required.

Structure

The processes described in the previous paragraphs are integrated in order to create a framework to optimally support the usage and allocation of capital, both assigned risk capital and risk-weighted assets, within ABN AMRO.

Capital measurement

The Group Risk Committee and Group Asset and Liability Committee determine the risk

Drivers of capital demand	Tools to manage the capital supply
Regulatory requirements 1	Share issuance
Risk appetite	Retained earnings
Rating objectives 2	Hybrid / Tier 2 issuance
Dividend policy	Securitisations / Credit derivatives
Business growth	Hedging of FX capital components

1 *ABN AMRO is required to maintain a minimum total tier ratio of 8%. It is the current policy of the bank to exceed this ratio and provide for a total tier ratio of not less than 10%. The bank provides for further granularity in these ratios by setting a medium-term policy of maintaining a minimum tier 1 ratio of 8.5% and minimum core tier 1 ratio of 6.5%.*

2 *ABN AMRO's robust regulatory capital ratios, in combination with the Capital Framework that results in the prudent allocation of resources to value-creating activities, has resulted in the bank being awarded a strong credit rating by external agencies. While these strong ratings are maintained, they bring the bank a competitive advantage by ensuring a stable cost of funds and ready access to liquidity resources.*

policies, procedures and methodologies for measuring and monitoring risk. The departments within Group Risk Management and Group Asset and Liability Management have an overall responsibility to monitor the adherence to all risk policies. The BUs, however, are responsible for operating in compliance with the risk philosophy as described in the following section.

Capital allocation

The Strategic Management Process is governed by the Resource Allocation and Performance Management Committee of the Managing Board, which advises the Managing Board and BUs on optimising economic value creation, the approval of performance targets, the allocation of resources and the agreement of performance contracts with the BUs.

Capital management

The Capital management process is governed by the Group Asset and Liability Committee. The Group Asset and Liability Committee is responsible for the development of the bank's policies on Liquidity Risk, the hedging of capital invested in countries, managing capital ratios and the total capital requirement and new equity issuance needs.

Risk coverage – scope of the Capital Framework

Risk philosophy

ABN AMRO's risk philosophy sets out bank-wide criteria for the acceptance, monitoring, control and management of risk. Its purpose is to create shareholder value by ensuring the bank adheres to the following concepts:

- *Risk awareness*
  Risks are identified, understood, and measured at all levels in the organisation.
- *Defined risk appetite*
  Risk accepted by the institution is within the tolerance level set by the Managing Board in accordance with the Group strategy, existing capital constraints, sustainable earnings and maintenance of desired credit rating for the bank.
- *Clarity and transparency*
  Risk decisions are clear, explicit, and consistent with strategic business objectives.
- *Risk-reward alignment*
  One of the bank's core competencies is to take and manage risks. The bank's risk decisions should be based upon the appropriate risk-reward balance.
- *Compliance*
  Decisions that may legally and morally commit the bank must be in compliance with internal approval procedures, the relevant regulations, and ABN AMRO's Corporate Values and Business Principles.

In the following paragraphs a description is given of the way we measure and manage the distinct risk types within ABN AMRO.

Credit Risk and Country Event Risk

We define Credit Risk as the risk of a loss because a counterparty or an issuer may fail to fulfil its obligations to the bank. This covers actual payment defaults as well as losses in value resulting from a decrease in the credit quality of the counterparty or issuer.

Country Event Risk is the risk that a certain event in a country triggers a payment problem for a large number of corporates and/or banks in that country that would otherwise not have been in financial difficulty. Therefore, the integrated approach of Credit Risk and Country Event Risk reflects the risk that the counterparty may default whether by reasons specific to that counterparty or as a result of country events.

Management

We manage Credit Risk and Country Event Risk in two dimensions:

- At portfolio level to manage concentrations at the following levels:
  - Country/region level
  - Industry level
  - Product or segment level
- At individual level for single event / single obligor.

To manage concentration risks, limits and/or checkpoints are set on the maximum Credit and Country Event Risk Economic Capital in the relevant countries, industry clusters or product segments.

The concentration in industry clusters is visualised in the graph on page 76.

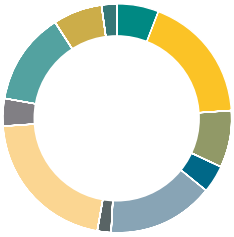
Additionally, notional limits are put in place for Cross-Border Risk and Sovereign Risk. Notional limits are also set on a number of portfolios as a straightforward and practical way to manage the maximum exposure in these portfolios (e.g. commercial real estate, leveraged finance).

Individually, single event/single obligor limits are set:

- Single obligor risk is managed by setting limits on Loss at Default. Loss at Default is

Credit risk economic capital (2006) Per industry cluster – commercial portfolio*

Total EUR 7 billion



- Basic materials: 6%
- Consumer cyclical: 18%
- Consumer non-cyclical: 8%
- Energy: 4%
- Financial institutions: 15%
- Health: 2%
- Industrial: 21%
- Public sector: 4%
- Real estate: 13%
- Telecom, Media, Technology: 7%
- Other: 2%

* *Excluding Antonveneta, excluding impact of securitisation of own assets.*

the amount that the bank expects to lose when a counterparty defaults.

- Authorities for credit decisions involving commercial clients are primarily based on Global One Obligor Exposure. This is the combination of all direct and contingent credit limits to a given relationship globally.

Measurement

Inputs to the Economic Capital calculation are derived from our rating systems. Rating tools are available for all our major loan portfolios. They consist of a Uniform Counterparty Rating and a Loss Given Default classification. The Uniform Counterparty Rating reflects the estimated probability that the counterparty will default, while the Loss Given Default classification reflects the level of loss that we would expect to suffer on a facility if the counterparty defaults. The Loss Given Default classification is determined for each facility on the basis of seniority, collateral and an assessment of the legal environment.

There are lending programmes in place for standard loans granted to consumers and small-sized enterprises. A programme lending approach contains standard risk acceptance criteria and loan processing practices in order to optimise the efficiency and risk/rewards of those portfolios.

Please refer to note 39 to the financial statements, starting on page 204, for quantitative information on maximum credit exposure and credit risk concentrations from loans and receivables in commercial and consumer client segments.

Interest Rate Risk (banking book)

We define Interest Rate Risk as the risk that the value of ABN AMRO's financial assets, other than those categorised as trading assets (the banking book), decreases and/or that the value of the bank's liabilities increases, because of changes in interest rates. Interest Rate Risk arises primarily from the fact that the maturity of the bank's assets typically exceeds the maturity of the bank's liabilities (a 'maturity mismatch'). The interest rate sensitivity of our trading books is measured under Market Risk.

Management

The overall objective is to manage current and future earnings sensitivity due to interest rate risk exposure.

For the purposes of economic capital, Value at Risk is calculated on the overall Interest Rate Risk position. Value at Risk is a statistical measure that represents an estimate of the worst-case loss due to adverse changes in risk factors, over a specific time horizon and at a specific level of confidence. However, the ongoing management of Interest Rate Risk

goes further than simply looking at the overall Value at Risk, as using this measure only does not lead to an optimal management of the Interest Rate Risk exposures in the banking book.

Measurement

Several tools are used to monitor and limit the Interest Rate Risk exposures in our banking book. The methods employed include earnings simulation, duration and presentvalue per base point limits.

ABN AMRO uses estimation techniques to calculate a set of forward-looking pre-defined interest rate scenarios, such as movements in the yield curve level and shape. In combination with balance sheet simulation models the bank calculates earnings at risk and the change in value of equity.
ABN AMRO's position is managed to ensure these two metrics are within defined limits under the pre-defined scenarios. Any required corrective action is taken through steering actions relating to the underlying portfolio. These model-based scenario analyses require assumptions about client behaviour. The bank uses statistical and mathematical models to express this behaviour in our simulation.

For Interest Rate Risk positions that are less complex, the risk is controlled by (bucketed) present value per base point limits.

Market Risk

We define Market Risk as the risk that movements in financial market prices will decrease the value of our trading portfolios. We are exposed to Market Risk through our trading activities, which are carried out both for customers and on a proprietary basis. For trading related to customer facilitation we warehouse Market Risk, while for proprietary trading we actively position ourselves in the financial markets.

There are several major sources of Market Risk including interest rate, foreign exchange, equity price, commodity price, credit spread, volatility risks and correlation risks.

Management

In any trading activity, Market Risk arises both from open (unhedged) positions and from imperfect correlation between market positions that are intended to offset one another. The overall objective of managing Market Risk is to avoid unexpected losses due to changes in market prices and to optimise the use of market risk capital. ABN AMRO manages Market Risk primarily through the use of a set of historical and hypothetical scenarios, stressing relevant risk factors and estimating the potential profit and loss under stress, as well as through the calculation of the 99 percentile loss (or Value at Risk) on open positions.

The bank then looks to manage these potential exposures on a daily basis within pre-defined limits for each of the major types of Market Risk.

This quantitative approach, combined with qualitative analytical approaches, is designed to control ABN AMRO's exposure to movements in the financial markets.

Other control measures used in the Market Risk management process include limits on net open positions in terms of their sensitivities to changes in interest rate, credit spreads, volatilities and so on. Alongside these sensitivities, ABN AMRO also monitors position concentrations and position ageing. These non-statistical measures help to monitor and control Liquidity Risk in trading books.

Measurement

The Value at Risk is reported on a daily basis per trading portfolio, per product line and for the Group as a whole. It is reported daily to

the senior management of the BUs, Group Risk Management and the responsible members of the Managing Board. Please refer to note 39 to the financial statements, starting on page 204, for the quantification of Value at Risk per risk category.

Although the Value at Risk represents a good estimate of potential losses under normal market circumstances, it fails to capture 'one-off' events. This limitation of Value at Risk models means that we must supplement it with other measurements of risk. These include a series of stress scenarios that shed light on the behaviour of our portfolio and the impact on our financial results under extreme market movements. Stress scenarios have been developed internally to reflect specific characteristics of the bank's portfolios and are performed on a daily basis for each trading portfolio and at several aggregation levels. These stress scenarios include stepped movements in one or more risk factors (e.g. parallel shifts in interest rate curves) and multiple factor tests that are based on actual historical events or plausible hypothetical scenarios.

Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes and/or systems, human behaviour or external events. This risk includes Operational Risk events such as IT problems, shortcomings in the organisational structure, missing or inadequate internal controls, human error, fraud, and external threats.

Management

The guiding principle in Operational Risk Management is that management at all levels in the organisation is responsible for directing and managing operational risks. Operational Risk Management officers are assigned throughout ABN AMRO to assist line management in fulfilling this responsibility.

Measurement

Line management needs information to enable it to identify and analyse Operational Risk, implement mitigating measures and determine the effectiveness of these mitigating measures. ABN AMRO has implemented a number of programmes and tools to support line management. These include:

- *Risk Self-Assessment*
  A structured approach that helps line management to identify and assess risks and take mitigating actions for risks which are identified as unacceptable. Risks are assessed with the assistance of facilitators, who are usually Operational Risk Management staff.
- *Internal and external loss data*
  Our Corporate Loss Database allows for the systematic registration of our Operational Risk losses. This tool assists senior management in their analysis of Operational Risk. The use of internal loss data is one of the qualifying criteria for the Advanced Measurement Approaches under Basel II, and forms the basis for calculating cconomic capital and regulatory capital under Basel II. Additionally, external loss data is used to perform benchmark analyses. In this context, we are a founding member of the Operational Risk eXchange, an international data consortium.
- *Operational Risk Assessment Process*
  The Operational Risk Assessment Process is a comprehensive approval process that includes an explicit assessment of the operational risk associated with change, whether it is a new business proposal, a change to the organisation, the implementation of a system or some other change. The process includes sign-off by relevant parties (including Group Compliance, Group Legal and Group Finance) and approval by an appropriate committee.

- *Key Risk Indicators*
  Key Risk Indicators are used to indicate possible changes in the Operational Risk profile. They allow for a trend analysis over time and trigger actions if required.
- *Key Operational Risk Control*
  A framework that provides clear descriptions of typical key risks and the required controls for a set of defined standard processes. These descriptions contribute to improved risk awareness and provide input for the Risk Self-Assessment.

Business Risk

Business Risk is the risk that operating income is lower than expected because of lower than expected revenues (e.g. lower margins, lower market share, market downturn) or higher than expected costs, not being caused by one of the other risk types.

Management

Business Risk is driven by the volatility of the revenue stream and the extent to which costs are fixed or vary with revenues. For this reason, Business Risk is managed through the regular business processes. Operational leverage (fixed costs as a percentage of total costs) is part of the regular cost management function.

Business Risk can be reduced either by increasing variable cost or decreasing revenue volatility. Operational leverage can be increased at all levels in the organisation. Volatility is endemic to any business, however, and can only be influenced by changing the business mix. As a consequence, volatility will primarily be managed at BU level or Group level.

Measurement

The Value at Risk model that the bank has developed to measure Business Risk has as its key factors the volatility of the revenues and the cost structure of the BU or activity.

Other risks

As described in the previous paragraphs, cconomic capital is calculated for Credit Risk and Country Event Risk, Interest Rate Risk (banking book), Market Risk, Operational Risk and Business Risk. There are a number of additional risks ABN AMRO as a whole is exposed to and for which capital needs to be held. For some other risks we deem no additional capital is required to be held or we believe that the impact of such risks is already included in one of the risk types included in cconomic capital.

In the following paragraphs we describe some risks not explicitly covered by our economic capital models.

Liquidity Risk

Complementing the Capital Framework view, risk appetite is also expressed through the Liquidity Risk framework employed by ABN AMRO. This framework is used to manage Liquidity Risk.

Liquidity may be defined as a bank's ability to ensure the availability of funds to meet all on-balance sheet and off-balance sheet commitments at a reasonable price. Liquidity Risk can in turn be defined as the risk to earnings and capital arising from a bank's potential inability to meet its liabilities when they become due, without incurring unacceptable losses. Conversely, Liquidity Risk also manifests itself in the form of opportunity losses due to holding excess liquidity relative to liabilities.

Management

ABN AMRO takes a two-tiered approach to Liquidity Risk Management:

- Going Concern Liquidity Management: the management of the day-to-day liquidity position within specified parameters to ensure all liabilities can be met on a timely basis

- Event Risk Liquidity Management: ensuring that in the event of either a firm-specific or general market event, the bank is able to generate sufficient liquidity to withstand a short term liquidity crisis.

The overall Liquidity Risk is kept at such a level that ABN AMRO is able to resume its business after a specified crisis.

Event Risk Liquidity Management includes the following tools:

- Stress test: a quantitative analysis of the liquidity impact of several (market- and company-specific) liquidity crises
- Liquidity buffer: mitigation of an event risk is achieved through the provision of standby liquidity in the form of unencumbered, Central Bank eligible collateral
- Contingency Funding Plan: describes the steps and procedures taken in the event of a crisis. Contingency Funding Plans are in place at Group, BU and country level. Their effectiveness is tested with periodic dry-runs.

Measurement

The monitoring and control of Liquidity Risk on an ongoing basis includes:

- Balance Sheet Ratio Analysis: the relationship between the sub-components of the balance sheet at a given point in time indicating the underlying balance sheet liquidity
- Measurement of Cash Flow Gap: the gap between expected cash inflows and outflows determined within a series of time brackets
- Diversification of Funding Schedule: an analysis of funding sources broken down by customer, instrument and product.

Legal Risk

Legal Risk may be defined as the risk from failure to comply with statutory or regulatory obligations and from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, law or regulations.

Management

To maintain its strong reputation for integrity and sustainability, ABN AMRO needs to manage Legal Risk in a rigorous and consistent way across all its businesses requiring the involvement and oversight of the legal and the compliance function.

With this in mind, from the start of 2006 the bank made two significant changes to its legal function. The first was the creation of a consolidated Group Legal function to oversee ABN AMRO's Legal Risk worldwide and act as a central reporting point for our teams of in-house lawyers. The second was a new Global Legal Mandate to help the business make the most effective use of the bank's legal resources.

The compliance function within ABN AMRO exercises independent oversight on behalf of senior management of core processes and related policies and procedures designed to ensure we conform with both the letter and spirit of industry-specific laws and regulations, thereby maintaining the bank's reputation. With effect from 1 January 2006, the Group Compliance organisation was restructured in order to align it further with ABN AMRO's new Group structure. For more information on ABN AMRO's compliance function, please refer to page 35.

Measurement

Under the Capital Requirements Directive (Basel II) Operational Risk includes Legal Risk.

Reputational Risk

We define Reputational Risk as the risk of potential losses arising from negative public opinion, irrespective of whether this opinion is based on facts or merely public perception. The losses may result from incurring

increased funding costs as well as from not generating expected revenues.

Management

We believe that our pursuit of long-term business sustainability and shareholder value creation requires proper conduct of our business activities in accordance with ABN AMRO's Corporate Values and Business Principles as well as with laws and regulations.

A key component of risk management is ensuring that ABN AMRO's reputation is preserved and enhanced through choosing to engage responsibly in the right business activities with the right clients.

Our philosophy is that the primary responsibility for applying sustainability criteria to business selection and approval processes rests with our client-facing staff. For this reason we have created tools to support our staff.

Apart from legal and compliance policies we have developed several reputational risk policies to identify, assess and manage the non-financial issues present within our business engagements. These policies and standards are referred to as Environmental, Social and Ethical Risk Management policies, and currently include: Human Rights, Forestry and Tree plantations, Oil & Gas, Mining & Metals, Dams, Defence industry, Tobacco, Gambling, and Animal Testing. Every policy contains client and transaction acceptance criteria, including appropriate filters. Such filters have been developed to assess whether an engagement could present potential environmental, social or ethical issues and thereby translate into Reputational Risk.

In applying this philosophy, we have developed an approach to policy development that is based on applicable international industry norms and conventions and that incorporates consultation with non governmental organisations, clients, peers and our client-facing staff.

For further information on our Reputational Risk and sustainability approach, please refer to our Sustainability Report for 2006, which can be viewed on our website at www.abnamro.com.

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

ABN AMRO key figures[1]

	2006	2005	2004
Income statement *(in millions of euros)*			
Net interest income	**10,917**	9,065	8,608
Total non-interest income	**11,741**	9,881	7,678
Total operating income	**22,658**	18,946	16,286
Operating expenses	**15,774**	12,935	12,681
Loan impairment and other credit risk provisioning	**1,855**	635	607
Operating profit before taxes	**5,029**	5,376	2,998
Profit for the year	**4,780**	4,443	3,940
Net profit	**4,715**	4,382	3,865
Net profit attributable to ordinary shareholders	**4,715**	4,382	3,865
Dividends	**2,153**	2,050	1,663
Balance sheet *(in billions)*			
Shareholders' equity **5**	**23.6**	22.2	14.8
Group capital **5**	**45.1**	43.2	33.2
Due to customers and issued debt securities	**564.4**	487.7	402.6
Loans and receivables - customers	**443.3**	380.2	320.0
Total assets	**987.1**	880.8	727.5
Credit related contingent liabilities and committed facilities	**196.7**	187.0	191.5
Risk-weighted assets	**280.7**	257.9	231.6
Ordinary share figures **2**			
Number of shares outstanding (in millions)	**1,853.8**	1,877.9	1,669.2
Average number of shares outstanding (in millions)	**1,882.5**	1,804.1	1,657.6
Net earnings per share (in euros) **3**	**2.50**	2.43	2.33
Fully diluted net earnings per share (in euros) **3**	**2.49**	2.42	2.33
Dividend per share (in euros, rounded) **4**	**1.15**	1.10	1.00
Payout ratio (dividend / net profit)	**46.0**	45.3	42.9
Net asset value per share (year-end, in euros) **4, 5**	**12.73**	11.83	8.88
Ratios *(in %)*			
Return on equity **5**	**20.7**	23.5	29.7
BIS tier 1 ratio	**8.45**	10.62	8.46
BIS total capital ratio	**11.14**	13.14	11.06
Efficiency ratio	**69.6**	68.3	77.9
Number of employees *(headcount)*			
Netherlands	**25,817**	25,597	27,850
Other countries	**81,718**	67,937	66,721
Number of branches and offices			
Netherlands	**664**	655	680
Other countries	**3,868**	2,902	2,818
Number of countries and territories where present	**56**	58	58

Prior-year figures have been restated for comparison purposes.

1 *Discontinued operations are not separately disclosed here.*

2 *Adjusted for shares repurchased to cover staff options granted.*

3 *Based on the average number of ordinary shares outstanding.*

4 *Where necessary, adjusted for increases in share capital.*

5 *Based on the directive of the Council for Annual Reporting at 1 January 2003 and under IFRS excluding cash flow hedges and available for sale reserves.*

These figures have been prepared to conform with Dutch GAAP.

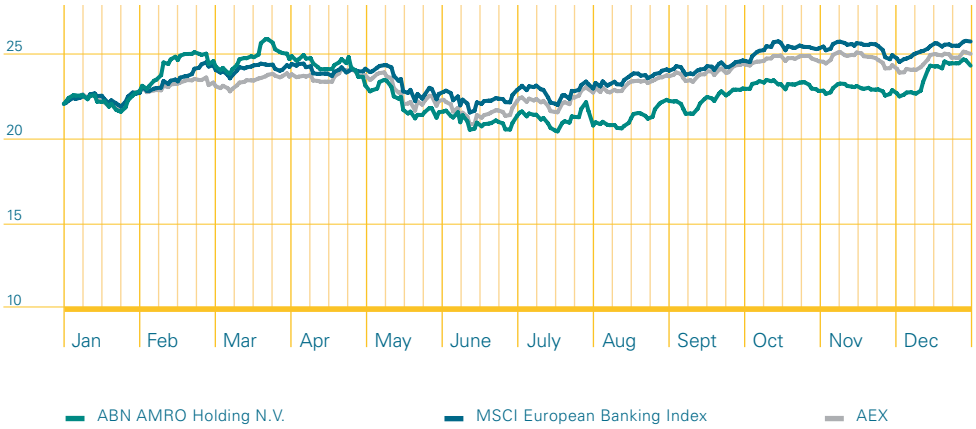
These figures have been prepared based on non-GAAP measures. Please refer to the MD&A section for details.

2004	2003	2002	2001	2000	1999	1998	1997
9,666	9,723	9,845	10,090	9,404	8,687	7,198	6,294
10,127	9,070	8,435	8,744	9,065	6,840	5,340	4,491
19,793	18,793	18,280	18,834	18,469	15,527	12,538	10,785
13,687	12,585	13,148	13,771	13,202	10,609	8,704	7,450
653	1,274	1,695	1,426	585	633	840	726
5,451	4,918	3,388	3,613	4,725	4,250	2,897	2,626
4,109	3,161	2,207	3,230	2,498	2,570	1,828	1,748
4,066	3,116	2,161	3,184	2,419	2,490	1,747	1,666
1,706	1,589	1,462	1,421	1,424	1,250	906	844
15.0	13.0	11.1	12.1	12.9	12.4	10.9	11.9
33.0	31.8	30.4	34.3	32.9	29.3	24.5	24.2
376.5	361.6	360.7	384.9	339.8	284.2	243.5	221.1
299.0	296.8	310.9	345.3	319.3	259.7	220.5	201.1
608.6	560.4	556.0	597.4	543.2	457.9	432.1	379.5
191.5	162.5	180.3	193.4	187.5	159.0	124.0	102.8
231.4	223.8	229.6	273.4	263.9	246.4	215.8	208.7
1,669.2	1,637.9	1,585.6	1,535.5	1,500.4	1,465.5	1,438.1	1,405.6
1,657.6	1,610.2	1,559.3	1,515.2	1,482.6	1,451.6	1,422.1	1,388.7
2.45	1.94	1.39	1.53	2.04	1.72	1.23	1.20
2.45	1.93	1.38	1.52	2.02	1.71	1.22	1.19
1.00	0.95	0.90	0.90	0.90	0.80	0.58	0.54
40.8	49.0	64.7	58.8	44.1	46.5	46.9	45.5
8.51	7.47	6.47	7.34	8.43	7.87	6.94	7.84
30.8	27.7	20.1	27.3	20.5	23.1	16.6	15.5
8.57	8.15	7.48	7.03	7.20	7.20	6.94	6.96
11.26	11.73	11.54	10.91	10.39	10.86	10.48	10.65
69.2	67.0	71.9	73.1	71.5	68.3	69.4	69.1
28,751	31,332	32,693	36,984	38,958	37,138	36,716	34,071
70,520	81,331	73,745	74,726	76,140	72,800	71,014	42,678
680	711	739	736	905	921	943	967
2,818	2,964	2,685	2,836	2,774	2,668	2,640	921
58	63	66	67	74	76	74	71

ABN AMRO shares

Share price movements January 2006 – December 2006 *(in euros)*

(MSCI and AEX indices restated on the basis of ABN AMRO Holding N.V. ordinary share price on 31 December 2005)



Stock exchange listings

At 31 December 2006 the ordinary shares of ABN AMRO Holding N.V. were listed on the stock exchanges of Amsterdam, Brussels, Paris and New York. With effect from 17 March 2006, ABN AMRO ordinary shares were delisted from the London Exchange. On 23 January 2007, ABN AMRO announced that the ordinary shares will be withdrawn from Eurolist by Euronext Brussels and from Eurolist by Euronext Paris. The shares will no longer be quoted on Euronext Brussels and Euronext Paris. The exact moment when this will happen depends on the delisting procedures of both Euronext Brussels and Euronext Paris.

On the New York Stock Exchange the shares are available in the form of American Depositary Shares represented by American Depositary Receipts (ADRs), each ADR representing one ordinary share. On 31 December 2006, 65,388,677 ADRs were outstanding, compared with 61,459,721 at year end 2005.

The depositary receipts for the convertible financing preference shares are not listed. The (formerly convertible) preference shares are listed on the Euronext Amsterdam.

In connection with the listing of its ordinary shares on the New York Stock Exchange, ABN AMRO also publishes an annual report that satisfies the rules established by the US Securities and Exchange Commission (SEC). This annual report on From 20-F is published on our website at www.abnamro.com/reports.

Development of share capital

In 2006, the number of ordinary shares outstanding decreased by 24.1 million from 1,877.9 million to 1,853.8 million. This decrease was the result of a share buy-back (95.9 million) partly offset by dividend payments in stock (63.3 million), payment of performance share plan 2002 (0.7 million) and exercise of staff options (7.8 million).

The time-weighted average number of ordinary shares outstanding amounted to 1,882.5 million (2005: 1,804.1 million). In calculating the time-weighted average, new shares are counted on a pro-rata basis from the date of issue.

The number of convertible financing preference shares remained unchanged at 1,369,815,864, each with a face value of EUR 0.56. Conversion of these shares into ordinary shares may take place in certain conditions (for details please refer to our

Rights at 31 December 2006

(in thousands of shares)	Staff options	Average exercise price (in euros)
Year of expiration		
2007	3,776	21.30
2008	8,764	22.73
2009	3,827	20.42
2010	807	15.06
2011	495	17.12
2012	6,855	19.17
2013	8,727	14.45
2014	12,749	18.86
2015	7,253	21.24
	53,253	19.35

Authorised capital

(in euros)				
4,000,000,400	ordinary shares	of	EUR 0.56	2,240,000,224
4,000,000,000	convertible financing preference shares	of	EUR 0.56	2,240,000,000
100,000,000	convertible preference shares	of	EUR 2.24	224,000,000
				4,704,000,224

Issued shares at 31 December 2006

(in euros)				
1,936,847,516	ordinary shares	of	EUR 0.56	1,084,634,608.96
1,369,815,864	convertible financing preference shares	of	EUR 0.56	767,096,883.84
44,988	(formerly convertible) preference shares	of	EUR 2.24	100,773.12

Ordinary share key figures

(in euros)	**2006**	2005
Closing prices		
• High	**25.92**	22.34
• Low	**20.46**	18.27
• Year-end	**24.35**	22.09
Earnings per share **1**	**2.50**	2.43
Fully diluted earnings per share	**2.49**	2.42
Payout ratio in % **2**	**46.0**	45.3
Dividend per share	**1.15**	1.10
Dividend yield in % (year-end)	**4.7**	5.0
Net asset value per share (year-end)	**12.73**	11.83
Price / earnings ratio (year-end)	**9.7**	9.1
Price / net asset value in % (year-end)	**191.3**	186.7

1 *Based on the average number of ordinary outstanding and adjusted for increases in share capital*
2 *Ratio of dividend to net earnings per share*

website). The number of (formerly convertible) preference shares remained unchanged at 44,988, each with a face value of EUR 2.24.

Staff options carry entitlement to the numbers of ordinary shares stated in the table. Exercisable staff options could increase the number of ordinary shares by 32.8 million or 1.8% of the number of ordinary shares outstanding at 31 December 2006.

Dividend policy

Both the interim dividend and the final dividend have been made available, at the shareholder's option, either wholly in cash or wholly in ordinary shares chargeable to the share premium account.

The period for submitting instructions concerning final dividend payment options will not commence until the closing of the business day after the day of the General Meeting of Shareholders. If shareholders opt for stock dividend, the dividend rights must be delivered to the ABN AMRO Exchange Agent together with the instructions. Consequently there will be no official listing of, and trading in, stock dividend coupons.

In the long term, the intention is to maintain the dividend pay-out ratio at 45% to 50% of net attributable profit. Although our reported results may be somewhat volatile under our accounting principles, which include fair value measures, we will strive to at least maintain a stable dividend, with the aim of increasing it over time to reflect improved underlying earnings.

Dividends on ordinary shares

	Entirely in cash (in EUR)	or shares as % of face value	New shares (x 1,000)	Payout ratio
Interim dividend 1996	0.20	1.9% ordinary shares	8,968	
Final dividend 1996	0.27	1.6% ordinary shares	14,697	45.4
Interim dividend 1997	0.24	1.4% ordinary shares	11,882	
Final dividend 1997	0.30	1.3% ordinary shares	13,058	45.5
Interim dividend 1998	0.27	1.4% ordinary shares	13,451	
Final dividend 1998	0.30	1.4% ordinary shares	14,045	46.9
Interim dividend 1999	0.30	1.2% ordinary shares	8,339	
Final dividend 1999	0.50	2.2% ordinary shares	13,990	46.5
Interim dividend 2000	0.40	1.4% ordinary shares	14,293	
Final dividend 2000	0.50	2.2% ordinary shares	19,508	55.2
Interim dividend 2001	0.45	2.3% ordinary shares	19,554	
Final dividend 2001	0.45	2.2% ordinary shares	19,298	58.8
Interim dividend 2002	0.45	2.8% ordinary shares	25,068	
Final dividend 2002	0.45	3.0% ordinary shares	23,599	59.2
Interim dividend 2003	0.45	2.8% ordinary shares	26,412	
Final dividend 2003	0.50	3.0% ordinary shares	28,151	49.0
Interim dividend 2004	0.50	2.9% ordinary shares	28,855	
Final dividend 2004	0.50	2.7% ordinary shares	32,334	40.8
Interim dividend 2005	0.50	2.6% ordinary shares	29,237	
Final dividend 2005	0.60	2.8% ordinary shares	32,822	45.3
Interim dividend 2006	0.55	2.6% ordinary shares	30,488	

Market capitalisation

(year-end, in millions of euros)	**2006**	2005	2004
Ordinary shares (outstanding)	**45,140**	41,483	32,533
Convertible financing preference shares	**767**	767	767
(Formerly convertible) preference shares	**1**	1	1
	45,908	42,251	33,301
Market capitalisation as % of capitalised value of all listed Dutch ordinary shares	**8.0%**	7.9%	8.2%

Daily ordinary share turnover in 2006

(in thousands)	Euronext Amsterdam	NYSE (ADRs)
High	47,438.1	1,513.4
Low	2,679.9	91.3
Average	10,577.7	296.2

Daily preference share turnover on Euronext Amsterdam in 2006

(in thousands)	(Formerly convertible) preference shares
High	2.0
Low	–
Average	0.3

As a result of the improved capital position, ABN AMRO has decided to neutralise the dilutive effect of the stock dividend over 2006.

Depositary receipts for preference shares

At year-end 2006, 1,369.8 million depositary receipts for convertible financing preference shares of EUR 0.56 face value each were outstanding. Holders of convertible financing preference shares receive an annual cash dividend of EUR 0.02604 per share, representing 4.65% of the face value of EUR 0.56. The dividend percentage on the convertible financing preference shares and depositary receipts for convertible financing preference shares has been fixed at 4.65%, as of 30 September 2004. As from 1 January 2011, and every ten years thereafter, the dividend percentage will be adjusted in line with the arithmetic mean of the ten-year euro denominated interest rate swaps, plus a surcharge of not less than 25 nor more than 100 basis points, depending on the prevailing market conditions.

On 31 December 2006, 44,988 (formerly convertible) preference shares of EUR 2.24 face value each were outstanding. These shares qualify for an annual cash dividend of EUR 0.95, which represents 3.3231% of the paid-up amount on issue (EUR 28.58815), as of 1 January 2004. As from 1 January 2014, and every ten years thereafter, the dividend percentage will be adjusted in line with the redemption yield on Dutch government bonds with an original or remaining term to maturity of nine to ten years, plus an increment or less a reduction of no more than 100 basis points.

Market price information

		Ordinary shares		American Depositary Shares	
		High	Low	High	Low
		(in EUR)		(in USD)	
Year:					
2006		25.92	20.46	32.60	25.57
2005		22.34	18.27	27.86	22.95
2004		19.79	16.47	26.65	19.67
2003		18.88	11.93	23.48	13.39
2002		22.78	10.45	20.32	10.54
2001		27.80	15.78	25.94	14.44
Period:					
January 2007		25.06	24.20	32.48	31.48
December 2006		24.72	22.53	32.60	30.08
November 2006		23.29	22.58	30.10	28.96
October 2006		23.51	22.85	29.81	28.93
September 2006		23.00	21.49	29.22	27.38
2006	First quarter	25.92	21.62	31.34	26.17
	Second quarter	24.98	20.56	30.93	25.57
	Third quarter	23.00	20.46	29.22	25.75
	Fourth quarter	24.72	22.53	32.60	28.93
2005	First quarter	21.40	18.80	27.86	24.39
	Second quarter	20.35	18.27	25.46	23.25
	Third quarter	21.24	19.14	25.85	23.45
	Fourth quarter	22.34	19.10	26.41	22.95

Market price information

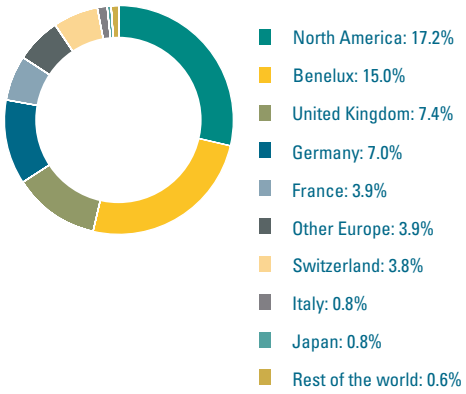
The market price information table above sets forth, for the periods indicated, the high and low closing prices for ordinary shares as reported in the Official Price List of the Euronext Amsterdam Stock Exchange and the high and low prices for the American Depositary Shares on the New York Stock Exchange. Differences in the rate of change between the prices of ordinary shares and the prices of American Depositary Shares for the periods indicated are attributable principally to fluctuations in the USD-EUR exchange rate.

Geographical concentration of ABN AMRO ordinary shares

ABN AMRO ordinary shares are generally issued in registered form, which are nearly all held by Euroclear Netherlands, the Dutch central depository institution. Beside the filings under the Dutch Disclosure of Major Holdings in Listed Companies Act, no public information is available on the ownership of shares. A study conducted in December 2006 into the ownership of shares in ABN AMRO Holding N.V. identified 78.1% of the company's ordinary shares.

Of these indentified shares, institutional investors held 87.3% and retail investors held 12.7%. Of the identified shares, 15% were held in the Benelux countries and 64.7% were held outside of the Benelux countries. The geographical concentration of the shares held by institutional investors is depicted in the graph on the next page.

Geographical concentration of ABN AMRO shares worldwide (2006)*



** Institutional investors*

Major shareholders

The Dutch Act on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (the Act) came into effect on 1 October 2006 with respect to the notification requirements for investors. The Act was subsequently included in the new Financial Supervision Act, which came into effect on 1 January 2007.

The Act replaces the Act on the Disclosure of Major Holdings in Listed Companies 1996 and implements a number of provisions of the EU Transparency Directive in Dutch law. The Act aims to increase the transparency of interests held in a company that is admitted to trading on a regulated market and simplify the procedure for notifying such interests. The Act requires an investor to notify the Netherlands Authority for the Financial Markets (AFM) upon actively reaching or crossing a threshold in respect of its shareholding or voting rights, as a result of the acquisition or disposal of shares. The applicable thresholds will be 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. The term 'shares' also includes depositary receipts and options and other tradable securities in respect of shares and depositary receipts. The investor also has a duty to notify the AFM upon passively reaching or crossing a threshold in the event that this results from a change in an issuer's capital or voting rights. The AFM will facilitate timely filings by offering an alerting service to notify investors of any changes made by the issuer in its outstanding capital or voting rights.

Under the Act, ING Groep N.V. reported total shareholdings of ABN AMRO Holding N.V. of more than 5%.

The institutions listed in the table below reported holdings of ABN AMRO Holding N.V. depositary receipts of preference shares. The figures reflect the number of depositary receipts of preference shares held as well as the holdings as a percentage of the total outstanding depositary receipts of preference shares at 31 December 2006, respectively.

Depositary receipts of preference shares are issued by the Trust Office. The Trust Office held 1,369,815,864 preference shares, 100% of the outstanding preference shares, at year-end 2006.

	Number of depositary receipts of preference shares	Percentage of depositary receipts of preference shares
ING Groep N.V.	291,692,888	21.29
Aviva plc	239,409,452	17.48
Fortis Utrecht N.V.	230,833,376	16.85
Kempen Capital Management Ltd.	205,789,464	15.02
Aegon N.V.	196,347,872	14.33
Eureko B.V.	166,000,000	12.12

Although the Trust Office holds preference shares representing 100% of the total capital of the newly issued financing preference capital on the basis of nominal issued share capital outstanding on 31 December 2006, the actual voting power that can be exercised on the (depositary receipts of) preference shares is approximately 1.58% of our total issued capital.

Trust Office

The Trust Office is a non-membership organisation, i.e. an entity without shareholders or other members that is similar to a trust or foundation, with a self-appointed Board, organised under the laws of the Netherlands. At 31 December 2006, the members of the Board of the Trust Office were:

Name	Occupation
J.H. Ubas (Chairman)	Former Investment Manager of ING Groep N.V.
J.M. Overmeer	Member of the Managing Board of Aegon Nederland N.V.
C.W.H. Bruggemann	Former Managing Director Corporate Finance of ABN AMRO Bank N.V.

None of the members of the Board of the Trust Office have any managerial or other material relationship with ABN AMRO Holding N.V. or its subsidiaries or other Group companies.

Credit ratings

At 31 December 2006 the credit ratings of ABN AMRO were as follows:

	Long-term	Short-term
Moody's	Aa3*	P-1
Standard & Poor's	AA–	A-1+
FitchIBCA	AA–	F1+
DBRS	AA	R-1

** On 23 February 2007, Moody's long-term rating of ABN AMRO was upgraded to AA1.*

Peer group ABN AMRO

Our corporate measures of success are total return to shareholders (TRS) and average return on equity (RoE). Our TRS is measured against those of 20 competitors that have been chosen as our peer group, the members of which are listed below. Our target is to be in the top five of our peer group at the end of every four-year cycle. On 31 December 2006, our peer group position in the 2003-2006 cycle was 16. You can find a TRS graph showing our relative performance on www.abnamro.com/trs.

Barclays	Credit Suisse	JPMorgan Chase	National City
BBVA	Deutsche Bank	KeyCorp	Nordea
BNP Paribas	HSBC	Lloyds TSB	Société Générale
Banco Santander	UniCredit	Merrill Lynch	UBS
Citigroup	ING	Morgan Stanley	Wells Fargo

Indices

The ABN AMRO Holding N.V. ordinary share is included in the following key indices:

AEX	DJ Euro Stoxx 50 Index	MSCI Euro Index	FTSE Eurotop 300
S&P Euro Index	DJ Sustainability Indexes	FTSE Eurotop 100	FTSE4Good Index

Financial calendar 2007

8 February	Announcement of 2006 full year results
30 March	Publication of Annual Report 2006, annual report on Form 20-F and Sustainability Report 2006
26 April	First quarter 2007 results release
26 April	General Meeting of Shareholders
30 April	Ex-dividend quotation (Netherlands and ADRs)
30 April-21 May	Dividend election period (ADRs)
30 April-23 May	Dividend election period (Netherlands)
3 May	Record date (Netherlands and ADRs)
24 May	Determination of stock price (Netherlands and ADRs) based on the volume-weighted average share price at Euronext Amsterdam on 22, 23 and 24 May
25 May	Stock portion announced (Netherlands and ADRs)
29 May	Payment date (Netherlands)
5 June	Payment date (ADRs)
30 July	Second quarter 2007 results release
31 July	Ex-dividend quotation (Netherlands and ADRs)
2 August	Record date (Netherlands and ADRs)
3 August-16 August	Dividend election period (ADRs)
3 August-21 August	Dividend election period (Netherlands)
22 August	Determination of stock price (Netherlands and ADRs) based on the volume-weighted average share price at Euronext Amsterdam on 20, 21 and 22 August
23 August	Stock portion announced (Netherlands and ADRs)
27 August	Payment date (Netherlands)
4 September	Payment date (ADRs)
1 November	Third quarter 2007 results release

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating and financial review and prospects

Operating results

For critical accounting policies and changes in accounting rules, refer to the accounting policies section in the financial statements.

The following discussion of operating results is based on, and should be read in conjunction with, our consolidated financial statements. The financial information contained in this review has been prepared in accordance with International Financial Reporting Standards as adopted by the EU or 'IFRS'. In previous years this review was included within our Annual Report on Form 20-F.

This operating and financial review and prospects discusses the Group results under IFRS by comparing the results of operations for the years 2006 to 2005 and for 2005 to 2004, highlighting key notes by Business Unit (BU) for each line item. This is followed by a more detailed discussion of the results of operations for each BU, which explains significant variances in operating income and operating expenses referring to the relevant line items.

Consolidation effect of controlled private equity investments

IFRS requires the consolidation of private equity investments over which we have control, including non-financial investments managed as private equity investments. However, as a practical matter, our private equity business is managed separately from the rest of our banking business and management does not measure the performance of our banking business based on our consolidated results of operations. Our private equity business involves buying equity stakes in unlisted companies over which we can establish influence or control, and managing these shareholdings as an investor for a number of years with a view to selling these with a profit. The companies in which we have these temporary holdings are active in business outside the financial industry. We believe that combining these temporary holdings with our core banking business does not provide a meaningful basis for discussion of our financial condition and results of operations. Therefore, in the presentation of our 'Group results', we have removed the effects of a line-by-line consolidation in the income statement of the private equity holdings of Private Equity and BU Global Clients. The results excluding the consolidation effect include the 'de-consolidated' holdings based on the equity method. The measures excluding the effects of consolidation of our private equity holdings are non-GAAP financial measures. Our management refers to these non-GAAP financial measures when making operating decisions because the measures provide meaningful supplementary information regarding our operational performance. In accordance with applicable rules and regulations, we have presented, and investors are encouraged to review, reconciliations of non-GAAP financial measures to the most comparable IFRS measures, i.e., reconciliations of our results excluding the consolidation effects of our private equity holdings to our results including those effects.

Group results

The following table sets forth selected information pertaining to the Group for the years ended 31 December 2006, 2005 and 2004 showing the results both under IFRS and excluding the consolidation effect of our private equity investments.

(in millions of euros)	IFRS			Consolidation effect[1]			Excluding consolidation effect (non-GAAP meassure)		
	2006	2005	2004	**2006**	2005	2004	**2006**	2005	2004
Net interest income	**10,575**	8,785	8,525	**(342)**	(280)	(83)	**10,917**	9,065	8,608
Net fee and commission income	**6,062**	4,691	4,485	**–**	–	–	**6,062**	4,691	4,485
Net trading income	**2,979**	2,621	1,309	**(3)**	2	(1)	**2,982**	2,619	1,310
Result from financial transactions	**1,087**	1,281	905	**15**	35	(27)	**1,072**	1,246	932
Share of result in equity accounted investments	**243**	263	206	**–**	–	–	**243**	263	206
Other operating income	**1,382**	1,056	745	**–**	(6)	–	**1,382**	1,062	745
Income of consolidated private equity holdings	**5,313**	3,637	2,616	**5,313**	3,637	2,616	**–**	–	–
Operating income	**27,641**	22,334	18,791	**4,983**	3,388	2,505	**22,658**	18,946	16,286
Operating expenses	**20,713**	16,301	15,180	**4,939**	3,366	2,499	**15,774**	12,935	12,681
Operating result	**6,928**	6,033	3,611	**44**	22	6	**6,884**	6,011	3,605
Loan impairment and other credit risk provisions	**1,855**	635	607	**–**	–	–	**1,855**	635	607
Operating profit before taxes	**5,073**	5,398	3,004	**44**	22	6	**5,029**	5,376	2,998
Income tax expense	**902**	1,142	715	**44**	22	6	**858**	1,120	709
Net operating profit	**4,171**	4,256	2.289	**–**	–	–	**4,171**	4,256	2,289
Profit from discontinued operations net of tax	**609**	187	1,651	**–**	–	–	**609**	187	1,651
Profit for the year	**4,780**	4,443	3,940	**–**	–	–	**4,780**	4,443	3,940
Total assets	**987,064**	880,804	727,454	**4,537**	3,477	2,393	**982,527**	877,327	725,061
Risk-weighted assets	**280,704**	257,854	231,622	**–**	–	–	**280,704**	257,854	231,622
Full-time equivalent staff	**137,880**	120,301	110,870	**30,881**	27,775	17,938	**106,999**	92,526	92,932
Number of branches and offices **2**	**4,634**	3,681	3,605	**–**	–	–	**4,634**	3,681	3,605
Efficiency ratio (in %) **3**	**74.9%**	73.0%	80.8%	**99.1%**	99.4%	99.8%	**69.6%**	68.3%	77.9%

1 *This is the impact per line item of the private equity investments which are required to be consolidated under IFRS. See 'financial statements 2006, Accounting policies'.*
2 *This number includes double counting of branches and offices that serve more than one BU. Adjusted for this double counting, the actual number of branches and offices amounts to 4,532 (2005: 3,557; 2004: 3,498).*
3 *Efficiency ratio (in %) is the operating expenses divided by the operating income.*

Results of operations for the years ended 31 December 2006 and 2005

Profit for the year increased by EUR 337 million, or 7.6%, to EUR 4,780 million. Profit from continuing operations decreased by EUR 85 million, or 2.0%, to EUR 4,171 million. This reflects a mixed performance across the BUs. The major variances year-on-year are: BU Europe (plus EUR 146 million), BU Netherlands (plus EUR 105 million), Private Equity (plus EUR 146 million), BU Global Clients (minus EUR 249 million) and Group Functions (minus EUR 290 million). Profit from discontinued operations net of tax amounted to EUR 609 million, reflecting the divestment of the property development and management activities of Bouwfonds and the classification of ABN AMRO Mortgage Group, Inc., our US-based residential mortgage broker origination platform and residential mortgage servicing business, as held-for-sale. Profits from discontinued operations include the related operating results and applicable gain on the sale.

Operating income

Operating income increased by EUR 5,307 million, or 23.8%, to EUR 27,641 million (non-GAAP: operating income increased by EUR 3,712, or 19.6%). This mainly relates to BU Europe (plus EUR 2,302 million), Private Equity (plus EUR 1,796 million, non-GAAP plus 99 million), BU Latin America (plus EUR 675 million), BU Asia (plus EUR 282 million), BU North America (plus EUR 225 million) and BU Asset Management (plus EUR 116 million).

Key notes:

- Operating income in BU Europe increased as a result of the consolidation of Antonveneta and higher Global Markets revenues.
- The increase in Private Equity was caused by higher operating income of consolidated private equity investments.
- The increase in BU Latin America is mainly due to the continued growth in the retail and consumer finance loan portfolio, partly offset by the inclusion in 2005 of the book profit on the sale of Real Seguros (EUR 229 million).
- BU Asia grew revenues as its Preferred Banking activities and credit card business continued to expand, especially in India, China, Hong Kong and Taiwan.
- Operating income in BU North America increased, mainly due to an improved contribution from all business lines, despite challenges from the yield curve, which was inverted or flat for the most of the year, with pressure on interest spreads as a result, and to the impact of the settlement (EUR 110 million).
- The increase in BU Asset Management reflected the increase by EUR 14.9 billion in net new money.

Net interest income

Net interest income increased by EUR 1,790 million, or 20.4%, to EUR 10,575 million, mainly due to BU Europe (plus EUR 1,564 million), BU Latin America (plus EUR 695 million) and BU North America (plus EUR 137 million), partly offset by a decrease in BU Netherlands (minus EUR 250 million).

Key notes:

- The increase in BU Europe reflects the consolidation of Antonveneta in 2006.
- Net interest income in BU Latin America increased mainly due to the continued growth of the Brazil credit portfolio.
- The increase in BU North America was mainly due to continued commercial loan growth and higher deposit spreads.
- The decrease in BU Netherlands reflects the fact that mortgage prepayment penalty income is affected by higher offsetting transactions in 2006.

Net fee and commission income

The following table sets forth the net fee and commission income for the Group for the years ended 31 December 2006, 2005 and 2004.

(in millions of euros)	**2006**	2005	2004
Fee and commission income			
Securities brokerage fees	**1,785**	1,560	1,548
Payment and transaction services fees	**2,123**	1,530	1,401
Asset management and trust fees	**1,562**	1,153	1,041
Fees generated on financing arrangements	**248**	180	158
Advisory fees	**500**	336	311
Insurance-related commissions	**168**	168	130
Guarantee fees	**223**	218	160
Other fees and commissions	**518**	427	436
Subtotal	**7,127**	5,572	5,185
Fee and commission expense			
Securities brokerage expense	**330**	321	281
Payment and transaction services expense	**287**	165	125
Asset management and trust expense	**151**	127	126
Other fee and commission expense	**297**	268	168
Subtotal	**1,065**	881	700
Total	**6,062**	4,691	4,485

Net fee and commission income increased by EUR 1,371 million, or 29.2%, to EUR 6,062 million, mainly due to an increase in BU Europe (plus EUR 482 million), BU Global Clients (plus EUR 415 million), BU Asia (plus EUR 172 million), BU Asset Management (plus EUR 121 million) and BU Latin America (plus EUR 105 million).

Key notes:

- The increase in BU Europe reflects the consolidation of Antonveneta in 2006.
- The increase in BU Global Clients was mainly due to further focus on fee-driven products, which led to a change in the product mix with strong growth in primary and secondary capital markets products.
- The increase in BU Asia reflected the higher asset-under-management levels, the higher fee levels on existing products and a further shift in the asset mix towards more profitable products.

Additional notes by line item:

- Securities brokerage fees income increased by EUR 225 million, or 14.4%, to EUR 1,785 million, mainly due to our Hong Kong branch activities in BU Asia and the inclusion of Antonveneta.
- Payment and transaction services fees income increased by EUR 593 million, or 38.8%, to EUR 2,123 million, mainly due to the inclusion of Antonventa and an increase in BU Latin America.
- Asset management and trust fees income increased by EUR 409 million, or 35.5%, to EUR 1,562 million, mainly due to the increases in BU Asset Management, BU Netherlands and BU Private Clients, and the inclusion of Antonveneta.

Net trading income

The following table sets forth the net trading income for the Group for the years ended 31 December 2006, 2005 and 2004.

(in millions of euros)	**2006**	2005	2004
Securities	**61**	978	179
Foreign exchange transactions	**789**	662	687
Derivatives	**2,199**	933	380
Other	**(70)**	48	63
Total	**2,979**	2,621	1,309

Net trading income increased by EUR 358 million, or 13.7%, to EUR 2,979 million, mainly due to BU Asia (plus EUR 179 million), BU Latin America (plus EUR 152 million) and BU Netherlands (plus EUR 94 million), partly offset by a decrease in BU Global Clients (minus EUR 148 million).

Key notes:
- Net trading income increased in BU Asia resulting from higher equity finance income in Hong Kong and Taiwan.
- The increase in BU Netherlands was mainly due to higher results on the sale of derivatives.

Results from financial transactions

The following table sets forth the results from financial transactions for the Group for the years ended 31 December 2006, 2005 and 2004.

(in millions of euros)	**2006**	2005	2004
Net gain from the disposal of available-for-sale debt securities	**634**	431	179
Net gain from the sale of available-for-sale equity investments	**158**	55	154
Dividend on available-for-sale equity investments	**71**	54	48
Net gain on other equity investments	**491**	514	694
Hedging ineffectiveness	**58**	39	(112)
Fair value change of credit default swaps	**(280)**	(51)	(12)
Other	**(45)**	239	(46)
Total	**1,087**	1,281	905

Results from financial transactions decreased by EUR 194 million, or 15.2%, to EUR 1,087 million, mainly due to Group Functions (minus EUR 438 million), partly offset by BU Europe (plus EUR 144 million) and BU North America (plus EUR 76 million).

Key notes:
- The decrease in Group Functions is mainly due to lower results on the sale of bonds and losses on credit default swaps due to tightening spreads, while 2005 included option results on Antonveneta.
- The increase in BU Europe is mainly due to the inclusion of Antonveneta.

Additional notes by line item:
- Net gain from the disposal of available-for-sale debt securities increased by EUR 203 million, or 47.1%, to EUR 634 million, mainly due to an increase in BU North America, partly offset by lower asset and liability management results in Group Functions.

Share of result in equity accounted investments

Share of result in equity accounted investments decreased by EUR 20 million to EUR 243 million, mainly due to Group Functions (minus EUR 47 million) due to lower results from our interests in Antonveneta, which was consolidated in 2006, and Kereskedelmi és Hitelbank Rt., which was sold in 2006, partly offset by a higher contribution from our investment in Capitalia.

Other operating income

The following table sets forth the results from other operating income for the Group for the years ended 31 December 2006, 2005 and 2004.

(in millions of euros)	**2006**	2005	2004
Insurance activities	**103**	150	177
Leasing activities	**61**	60	63
Result on the disposal of operating activities and equity accounted investments	**553**	347	187
Other	**665**	499	318
Total	**1,382**	1,056	745

Other operating income increased by EUR 326 million, or 30.9%, to EUR 1,382 million, mainly due to the Group Functions (plus EUR 435 million), BU North America (plus EUR 89 million), partly offset by BU Latin America (minus EUR 318 million).

Key notes:

- The increase in Group Functions was due to the gain on the sale of Kereskedelmi és Hitelbank Rt. (EUR 208 million) and the gain on the sale of the Futures business (EUR 229 million).
- Other operating income in BU North America increased due to the inclusion of the impact of the Talman settlement (EUR 110 million), see page 112 for details.
- The decrease in BU Latin America is due to the inclusion of the gain (EUR 229 million) on the sale of Real Seguros in 2005.

Income of consolidated private equity holdings

Income of consolidated private equity holdings increased by EUR 1,676 million, or 46.1%, to EUR 5,313 million, due to the increase in number and in size of the consolidated investments of private equity.

Operating expenses

Operating expenses increased by EUR 4,412 million, or 27.1%, to EUR 20,713 million (non-GAAP: EUR 2,839 million, or 21,9%), mainly due to Private Equity (plus EUR 1,640 million, non-GAAP minus EUR 37 million), the consolidation of Antonveneta (plus EUR 1,310 million), BU Global Clients (plus EUR 275 million, non-GAAP plus EUR 379 million), Group Functions (plus EUR 354 million), BU Latin America (plus EUR 371 million), BU Europe, excluding Antonveneta, (plus EUR 225 million) and BU Asia (plus EUR 175 million), partly offset by lower operating expenses in BU Netherlands (minus EUR 164 million).

Key notes:

- The increase in Private Equity was caused by higher operating expenses of consolidated private equity investments.
- The increase in BU Global Clients was mainly due to a shift in product mix, which led to an increase in allocated infrastructure and product costs. The operating expenses include a restructuring charge (EUR 19 million) for Group Shared Services reorganisations.
- Operating expenses increased in growth markets in BU Latin America and BU Asia and included branch openings and marketing campaigns. Operating expenses in BU Latin America were also impacted by a stronger Brazilian real and the collective labour agreements that came into effect in September 2005 and September 2006.
- Operating expenses increased in Group Functions, mainly due to the inclusion of a release of post-retirement healthcare benefit provision (EUR 392 million) in 2005.
- The BU Netherlands continued to benefit from strict cost control measures, resulting in lower staff costs.

Loan impairment and other credit risk provisions

Loan impairment and other credit provisions increased by EUR 1,220 million to EUR 1,855 million, of which EUR 1,154 million in the consumer portfolio and EUR 701 million in the commercial portfolio. The provisioning level was substantially higher as provisioning for consumer loan portfolios in the BU Latin America (plus EUR 374 million) and the BU Asia (plus EUR 191 million) went up while the consolidation of Antonveneta resulted in an increase of EUR 382 million in provisions.

Key notes:

- Higher loan impairment and other credit risk provisions in BU Latin America were due to the increase in absolute consumer loan volumes and increased delinquencies.
- The increase in BU Asia mainly reflected higher provisioning for credit card receivables in Taiwan, where the banking industry was significantly impacted by an increase in credit card defaults.

Effective tax rate

The overall effective tax rate for 2006 was 17.8% versus 21.2% in 2005. Included in 2006 are tax credits, tax charges due to changes in the tax law and tax-exempt gains which exceeded the 2005 tax rate levels, as well as changes in tax rates.

Profit from discontinued operations net of tax

Profit from discontinued operations net of tax increased to EUR 609 million in 2006 from EUR 187 million in 2005. On 1 December 2006, the Group disposed of the property development and management activities of Bouwfonds, resulting in profits of EUR 505 million in BU Netherlands, EUR 338 million of which related to the net gain on the sale and EUR 167 million results from operations.

On 22 January 2007, the Group announced the sale of ABN AMRO Mortgage Group, Inc., our US-based residential mortgage broker origination platform and residential mortgage servicing business recording a result of EUR 104 million in BU North America. Profit from discontinued operations net of tax of EUR 187 million in 2005 was due to the classification as discontinued operations of Bouwfonds (EUR 136 million) in BU Netherlands and the ABN AMRO Mortgage Group, Inc. (EUR 51 million) in BU North America.

Results of operations for the years ended 31 December 2005 and 2004

Profit for the year 2005 increased by EUR 503 million, or 12.8%, to EUR 4,443 million.
Profit from continuing operations rose by EUR 1,967 million, or 85.9%, to EUR 4,256 million, with increases in all BUs, except Private Equity (minus EUR 142 million) and BU Asia (minus EUR 68 million), and a strong performance in BU Netherlands (plus EUR 373 million), BU Global Clients (plus EUR 364 million), BU Latin America (plus EUR 361 million), BU Europe (plus EUR 321 million), Group Functions (plus EUR 311 million) and BU North America (plus EUR 294 million).

Operating income

Operating income increased by EUR 3,543 million or 18.9% to EUR 22,334 million, driven by strong organic growth in all BUs, mainly in BU Latin America (plus EUR 1,032 million), Private Equity (plus EUR 599 million, non-GAAP minus EUR 182 million), BU Europe (plus EUR 432 million), BU Netherlands (plus EUR 402 million), BU Global Clients (plus EUR 362 million), BU North America (plus EUR 294 million), BU Asia (plus EUR 167 million), BU Private Clients (plus EUR 151 million) and BU Asset Management (plus EUR 117 million).

Key notes:

- The increase in operating income in BU Latin America was partly due to the gain from the sale of Real Seguros (EUR 229 million), the strong growth in the retail loan portfolio and the appreciation of the Brazilian real.

- The increase in Private Equity resulted from the increase in operating income of consolidated private equity investments.
- The increase in BU Netherlands was driven by volume growth in consumer loans and savings, and higher levels of mortgage prepayment penalties.
- The increase in operating income in BU Global Clients was mainly due to enhanced activity and larger investments by our clients.
- Operating income in BU North America rose as the result of an increase in commercial banking revenues and lower hedging costs related to the available-for-sale portfolio.
- BU Asia's operating income continued to grow strongly, driven by the success of the credit card business, the Van Gogh Preferred Banking activities and strong operating income growth from Global Markets clients, mainly driven by fixed income, futures and foreign exchange products, in particular in structured derivatives.

Net interest income

Net interest income increased by EUR 260 million, or 3.1%, to EUR 8,785 million, mainly due to BU Latin America (plus EUR 674 million) and BU Netherlands (plus EUR 237 million), partly offset by BU Europe (minus EUR 459 million).

Key notes:

- The increase in BU Latin America was mainly driven by organic growth in the retail portfolio.
- The increase in BU Netherlands was mainly driven by increased loan and saving volumes and higher mortgage prepayment penalties.
- The decrease in BU Europe needs to be evaluated in the light of a reclassification in 2005 between net interest income and net trading income (impact approximately EUR 550 million) resulting from the transition to IFRS. This required changes to reporting and data flows that we completed in 2005. For 2004, we were only able to estimate the amount, due to the complexity and the volume of transactions involved.

Net fee and commission income

Net fee and commission income increased by EUR 206 million, or 4.6%, to EUR 4,691 million. The main contributors were BU North America (plus EUR 115 million), BU Asset Management (plus EUR 61 million) and BU Private Clients (plus EUR 52 million), partly offset by a decrease in BU Europe (minus EUR 111 million).

Key notes:

- The increase in BU North America was mainly due to higher Global Markets client commissions. The number of personal and small business checking accounts in BU North America increased by more than 27,000, which led to higher checking-related and trustee-related fees.
- The increase in BU Asset Management resulted from an improved asset mix towards more profitable products and the higher fee levels on existing products. This increase is visible in the line asset management and trust fees income.
- The increase in BU Private Clients was mainly due to higher securities income resulting from a substantial number of new product launches.
- Payment services increased mainly in BU Asia following the growth in the credit card business.

Net trading income

Net trading income increased by EUR 1,312 million, or 100.2%, to EUR 2,621 million, mainly due to BU Europe (plus EUR 778 million), BU Global Clients (plus EUR 192 million), BU Netherlands (plus EUR 179 million) and BU North America (plus EUR 87 million).

Key notes:
- The increase in BU Europe needs to be evaluated in light of the aforementioned reclassification of interest (impact approximately EUR 550 million) resulting from the transition to IFRS.
- BU Global Clients net trading income increased due to growth in derivative trading.
- The increase in BU Netherlands was mainly due to higher Global Markets client trading results and higher results on the sale of derivatives.
- The increase in BU North America was mainly due to higher Global Markets trading results.
- Net trading income in Group Functions included a provision for balance-sheet adjustments (minus EUR 86 million).

Results from financial transactions

Results from financial transactions increased by EUR 376 million, or 41.6%, to EUR 1,281 million, mainly due to BU North America (plus EUR 275 million), BU Europe (plus EUR 143 million) and Group Functions (plus EUR 136 million), partly offset by a decrease in Private Equity (minus EUR 226 million).

Key notes:
- The increase in BU North America resulted from lower hedging costs related to the available-for-sale portfolio.
- The increase in Group Functions was mainly due to the revaluation of Antonveneta options, gain on the sale of available-for-sale bonds, and gains on derivative results, partly offset by the gain on the sale of our stake in Bank Austria in 2004.

Share of result in equity accounted investments

Share of result in equity accounted investments increased by EUR 57 million, or 27.7%, to EUR 263 million, mainly due to Group Functions (plus EUR 94 million), partly offset by a decrease in BU Asia (minus EUR 54 million).

Key notes:
- The increase in Group Functions was due to higher results from our investments in Capitalia, Antonveneta, and Hungary's Kereskedelmi és Hitelbank Rt.
- The decrease in BU Asia was mainly due to the inclusion in 2004 of the sale of shares in the Thai brokerage operations.

Other operating income

Other operating income increased by EUR 311 million, or 41.8%, to EUR 1,056 million, mainly due to the gain from the sale of Real Seguros (EUR 229 million) in BU Latin America, the gain from the sale of Nachenius, Tjeenk & Co (EUR 38 million) in BU Private Clients and the gain from the sale of the Bishopsgate office in London (EUR 43 million) in BU Europe.

Income of consolidated private equity holdings

Income of consolidated private equity holdings increased by EUR 1,021 million, or 39.0%, to EUR 3,637 million. Controlled private equity investments are consolidated under IFRS.

Operating expenses

Operating expenses increased by EUR 1,121 million, or 7.4%, to EUR 16,301 million (non-GAAP: EUR 254 million, or 2.0%), mainly due to Private Equity (plus EUR 777 million, non-GAAP plus EUR 14 million), BU Latin America (plus EUR 462 million), BU Asia (plus EUR 204 million), BU North America (plus EUR 135 million), partly offset by a decrease in Group Functions (minus EUR 319 million) and BU Netherlands (minus EUR 243 million).

Key notes:
- All BUs were impacted by greater expenditure on compliance. Our total expenditure on compliance in 2005 was approximately EUR 186 million (versus EUR 58 million in 2004).
- The increase in Private Equity was caused by higher operating expenses of consolidated private equity investments. The consolidation effect is the impact of the results of private equity investments, which are consolidated because these investments are controlled by the Group. Excluding consolidation effect (non-GAAP) Private Equity operating expenses increased by EUR 14 million.
- The increase in BU Latin America was driven by an increase in personnel costs as a result of the new collective labour agreement, the appreciation of the Brazilian real and the following expenses the settlement of pension fund obligations related to the bonus element of the collective labour agreements of previous years and information technology expenses.
- BU Asia operating expenses increased due to continued investments in the form of new branch openings and marketing campaigns.
- The increase in BU North America was mainly due to higher start-up costs of Group projects related to compliance, human resources and information technology.
- Operating expenses decreased in BU Netherlands, mainly due to the inclusion of a restructuring charge in 2004 results (EUR 408 million) for both former Wholesale Clients and Group Shared Services organisations. Additional costs arose from a new collective labour agreement, but more substantially from the buy-out of the profit-sharing agreements and the new flexible bonus scheme that replaced them.
- The decrease in Group Functions was mainly due to the release of the post-retirement healthcare benefit provision (EUR 392 million). The results in 2004 included a charge (EUR 177 million) for the buy-out of the profit-sharing agreements.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions increased by EUR 28 million, or 4.6%, to EUR 635 million, mainly due to BU Latin America (plus EUR 118 million) and BU Netherlands (plus EUR 108 million), partly offset by a decline in BU North America (minus EUR 247 million).

Key notes:
- The rise in BU Latin America should be viewed against the background of strong loan growth.
- The increase in BU Netherlands reflected the weak economic environment in the Netherlands and the strong growth in the consumer finance portfolio.
- BU North America benefited from an improvement in the quality of the credit portfolio as well as from releases and recoveries.

Effective tax rate

The effective tax rate for the Group declined from 23.8% in 2004 to 21.2% in 2005. This was mainly the result of the low effective tax rates at Group Functions and Private Equity.

Profit from discontinued operations net of tax

Profit from discontinued operations net of tax of EUR 187 million in 2005 was due to the classification as discontinued operations of the property development and management activities of Bouwfonds (EUR 136 million) in BU Netherlands and ABN AMRO Mortgage Group, Inc. (EUR 51 million) in BU North America.

Profit from discontinued operations net of tax of EUR 1,651 million in 2004 was due to the net profit of LeasePlan (EUR 1,207 million) in Group Functions, Bank of Asia (EUR 240 million) in BU Asia, Bouwfonds (EUR 146 million) in BU Netherlands and the ABN AMRO Mortgage Group, Inc. (EUR 58 million) in BU North America. LeasePlan and Bank of Asia were sold in 2004 and the gain on the sales of these investments of EUR 1,275 million is reflected in profit from discontinued operations net of tax.

Results of operations by BU

Changes to reporting structure and presentation

The results of operations for the years ended 31 December 2005 and 2004 reflect the reconstructed results of operations for the years ended 31 December 2005 and 2004 of the new BUs assuming the new reporting structure had been in place during 2005 and 2004. In order to estimate the results presented, the former Wholesale Clients results have been allocated into those of the regional BUs, BU Global Clients and Group Functions, consistently applying relevant allocation keys for revenues and expenses. Operating income is attributed to BU Global Clients on the basis of a defined name-by-name list of global clients. The operating expenses of BU Global Clients include the directly attributable costs of the BU and the allocated costs of the products sold to BU Global Clients. The product costs are allocated on the basis of defined cost drivers. The results of Group Functions include the results of a defined set of products for which the product costs are allocated on the basis of defined cost drivers. The regional BU results include the results of our commercial clients in the respective regions and Global Markets products other than the results from proprietary trading and futures, which are included in Group Functions. The operating income is attributed to those regions where the transactions were performed and the costs allocated on the basis of defined cost drivers.

- The results from BU Netherlands include the results of the former Consumer & Commercial Clients BU Netherlands, the former Dutch Wholesale Clients and the mortgage activities from Bouwfonds.
- The results from BU Europe include the former European (excluding Dutch) commercial Wholesale Clients and former Consumer & Commercial Clients BU New Growth Markets.
- The results from BU North America include the results from the former Consumer & Commercial Clients BU North America and the North American activities of former Wholesale Clients.
- The results from BU Latin America include the results from the former Consumer & Commercial Clients BU Brazil and the Latin American activities of the former Wholesale Clients.
- The results from BU Asia include the results from the Asian activities of both the former Consumer & Commercial Clients BU New Growth Markets and the former Wholesale Clients.
- The results from BU Private Clients include the results from the International Diamond & Jewelry Group.
- The results from proprietary trading and futures trading (Global Markets operating income that can not be allocated to the regions as they are related to clients) are included in Group Functions. The results from Group Functions also include the results from our participations in Capitalia and Antonveneta (up to 31 December 2005) and Kereskedelmi és Hitelbank Rt. (up to 29 May 2006).

Constant foreign exchange rates

Throughout the discussion of the operating and financial review and prospects, the financial results and performance compared with the prior period, both in euros and percentage terms, are given in euros. We may also, where deemed significant, explain variances in terms of 'constant foreign exchange rates' or 'local currency'. Both 'constant foreign exchange rates' and 'local currency' exclude the effect of currency translation differences and are GAAP financial measures which, unlike actual growth, cannot be derived directly from the information in the financial statements. 'Local currency' performance is measured for single currency volume differences. Management assesses, in part, the underlying performance of our individual businesses by separating foreign exchange translation effects throughout the income statement so as to understand the underlying trend of the business performance. The adjustments relate in particular to the impact of fluctuations in exchange rates used in translating results reported by our BUs North America and Latin America respectively in US dollar and Brazilian real into euros, as well as the various currencies in BU Asia.

Management believes that the exclusion of these items provides a better understanding of the underlying operational performance of our businesses during such periods. Fluctuations in exchange rates are outside of the control or influence of management and may distort the analysis of underlying operating performance of our businesses during the periods under review. External stakeholders, such as business analysts, also use these measures. However, we recognise that these measures should not be used in isolation and, accordingly, we begin our analysis on the performance of the Group and of the BUs with the comparable GAAP actual growth measures that reflect all the factors that affect our business.

We calculate the comparable constant foreign exchange rate performance by multiplying the local currency volumes over the period to be compared with the average monthly exchange rates during the previous period being compared. For example, the volumes for the year ended 31 December 2006 have been multiplied with the average monthly exchange rates prevailing during 2005 in order to enable comparison with the 2005 results on a constant basis.

BU Netherlands

The table sets forth selected information pertaining to BU Netherlands, for the years ended 31 December 2006, 2005 and 2004.

(in millions of euros)	**2006**	2005	2004
Net interest income	**3,078**	3,328	3,091
Net fee and commission income	**751**	710	668
Net trading income	**486**	392	213
Results from financial transactions	**28**	2	19
Share of result in equity accounted investments	**51**	13	32
Other operating income	**246**	184	204
Operating income	**4,640**	4,629	4,227
Operating expenses	**3,118**	3,282	3,525
Operating result	**1,522**	1,347	702
Loan impairment and other credit risk provisions	**359**	285	177
Operating profit before taxes	**1,163**	1,062	525
Income tax expense	**319**	323	159
Net operating profit	**844**	739	366
Profit from discontinued operations net of tax	**505**	136	146
Profit for the year	**1,349**	875	512
Total assets	**169,862**	176,874	174,102
Risk-weighted assets	**75,617**	78,725	85,320
Full-time equivalent staff	**21,778**	22,373	23,252
Number of branches and offices	**643**	683	676
Efficiency ratio (in %)	**67.2%**	70.9%	83.4%

Results of operations for the years ended 31 December 2006 and 2005

Profit for the year increased by EUR 474 million, or 54.2%, to EUR 1,349 million. Profit from continuing operations increased by EUR 105 million, or 14.2%, to EUR 844 million, mainly as the result of a decrease in operating expenses of EUR 164 million, partly offset by an increase of loan impairment and other credit risk provisions of EUR 74 million. Profit from discontinued operations net of tax increased by EUR 369 million, reflecting the EUR 338 million net gain on the sale of Bouwfonds property development and management activities and EUR 31 million increase in results from operations (EUR 167 million in 2006 compared with EUR 136 million in 2005).

Operating income

Operating income was almost flat at EUR 4,640 million.

- Net interest income decreased by EUR 250 million, or 7.5%, which was affected by EUR 215 million of mortgage prepayment penalties in 2005 that were not neutralised, compared with only EUR 14 million in 2006. This negatively affected the year-on-year growth in net interest income by EUR 201 million.
- Excluding the EUR 201 million year-on-year difference in net mortgage prepayment penalties, operating income increased by 4.8% to EUR 4,626 million, mainly driven by the consumer and commercial clients business, which increased revenues on the back of higher net interest income.

- Net fee and commission income increased by EUR 41 million, or 5.8%, resulting from higher commission on banking transactions, securities and asset management.
- Net trading income increased by EUR 94 million, or 24.0%, mainly due to higher income on the sale of derivatives.
- Other operating income increased by EUR 62 million, or 33.7%, mainly due to gains on the disposal of real estate.

Operating expenses

Operating expenses decreased by EUR 164 million, or 5.0%, to EUR 3,118 million, mainly due to lower personnel costs as a result of a reduction in full-time equivalents (from 22,373 in 2005 to 21,778 in 2006), partly offset by EUR 29 million restructuring charges for the Services initiative and EUR 14 million restructuring charges for Risk and Global Markets reorganisations.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions increased by EUR 74 million, or 26.0%, to EUR 359 million, mainly due to higher provisions for the consumer credit portfolio and the small and medium-sized enterprises (SME) portfolio. The increase in provisioning was related to the overall loan growth and a shift in business mix, due to strong growth of consumer and SME credits,which is fully in line with the BU Netherlands' strategy.

Results of operations for the years ended 31 December 2005 and 2004

Profit for the year 2005 increased by EUR 363 million, or 70.9%, to EUR 875 million. This reflects an increase in operating income of EUR 402 million and a decrease in operating expenses of EUR 243 million, partly offset by an increase in loan impairment and other credit risk provisions of EUR 108 million.

Operating income

Operating income grew by EUR 402 million, or 9.5%, to EUR 4,629 million as BU Netherlands continued to benefit from the implementation of its strategy to become the primary bank for all its customers. Its continued improvements in services and product offerings led to much higher client satisfaction levels, especially for mid-market clients such as preferred banking customers, medium-sized enterprises and corporate clients. As a result, BU Netherlands grew its mid-market client base and also sold more products to these clients. In addition, it was able to gain market share in loans, savings, and life insurance products.

- Net interest income increased by EUR 237 million, or 7.7%, mainly driven by increased loan and saving volumes and higher mortgage prepayment penalties. Mortgage prepayment penalties in 2005 amounted to EUR 215 million, compared with EUR 116 million in 2004. This is a reflection of the high levels of mortgage refinancing in the Netherlands.
- Net fee and commission income increased by EUR 42 million, or 6.3%, mainly due to a strong growth in commission on securities resulting from the improved stock market climate.
- Net trading income increased by EUR 179 million, or 84.0%, mainly due to higher Global Markets trading results and due to higher results on the sale of derivatives. This is a reflection of the success of the regional treasury desk, which combines BU Netherlands' regional relationships with its mid-market corporate clients and product expertise from former Wholesale Clients.

Operating expenses

Operating expenses decreased by EUR 243 million, or 6.9%, to EUR 3,282 million, mainly due to the restructuring charge in the 2004 results (EUR 408 million) for both former Wholesale Clients and Global Shared Service organisations, partly offset by higher commercial expenses and costs arising from compliance with the Sarbanes-Oxley Act, Basel II and other regulations. Additional costs arose from compensating staff on the termination of profit-sharing agreements. A new collective labour agreement provided that staff will be compensated in 2005 and 2006 for 3.5 years of profit-sharing. The cost for the

2005 compensation was included in the income statements at the end of 2004 (in Group Functions). The costs for the 2006 pay-out were accrued over 2005 (in BU Netherlands).

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions rose by EUR 108 million, or 61.0%, to EUR 285 million, mainly in the SME and the consumer loan portfolio. This is a reflection of the continued expansion in the loan volume and higher than average growth in our consumer finance portfolio.

BU Europe

The table on page 110 sets forth selected information pertaining to BU Europe including Antonveneta, Antonveneta and BU Europe excluding Antonveneta, for the years ended 31 December 2006, 2005 and 2004.

Antonveneta

As we only took control of Antonveneta on 2 January 2006, we have not made a comparison between the results of operations for the years ended 31 December 2006, 2005 and 2004 for this entity. Profit for the year was EUR 192 million net of purchase accounting from the valuation of intangible assets (amounting to EUR 1,194 million) and fair value adjustments of financial assets and liabilities. The intangible assets are amortised over a period of approximately eight years within operating expenses. The fair value adjustments are substantially amortised through net interest income over a period ranging from one to eight years dependent on the duration of the respective assets and liabilities and adjusted realised gains on sales of related assets and liabilities.

BU Europe excluding Antonveneta

Results of operations for the years ended 31 December 2006 and 2005

Results for the year decreased by EUR 46 million to a loss of EUR 149 million. This reflects an increase in operating income of EUR 231 million, an increase in operating expenses of EUR 225 million and an increase in loan impairment and other credit risk provisions of EUR 50 million.

Operating income

Operating income increased by EUR 231 million, or 20.8%, to EUR 1,341 million, predominantly on the back of higher Global Markets income, as client income grew strongly.

Equity revenues benefited from increased client activity, particularly in derivative and structured products. Fixed Income Capital Markets had a strong year as it was able to successfully execute a number of deals for regional clients. Financial Markets also had a good year due to the introduction of a number of innovative new products.

The Private Investor Product offering, focused on Germany, Switzerland and Italy, grew during the year. Mergers & Acquisitions and Equity Capital Markets revenues were up on the back of strong deal volumes.

Transaction Banking revenues increased due to a strong performance of Central and Eastern Europe, particularly cash flow advisory for Russian and Kazakh energy sector clients.
Increased focus and an upgraded coverage model for financial institutions throughout 2006 led to almost 75% growth in revenues from Financial Institutions and Public Sector clients. Corporate client revenues also benefited from our focused regional client coverage, and revenues increased by over 30%. Other operating income in 2005 included the gain on the sale of the Bishopsgate office in London (EUR 43 million).

Operating expenses

Operating expenses increased by EUR 225 million, or 18.6%, to EUR 1,433 million, mainly due to EUR 40 million restructuring charges for Global Markets and Services and an increase in expenses linked to

BU Europe

(in millions of euros)	BU Europe including Antonveneta			Antonveneta			BU Europe excluding Antonveneta		
	2006	2005	2004	**2006**	2005	2004	**2006**	2005	2004
Net interest income	**1,316**	(248)	211	**1,206**	–	–	**110**	(248)	211
Net fee and commission income	**783**	301	412	**596**	–	–	**187**	301	412
Net trading income	**1,032**	957	179	**67**	–	–	**965**	957	179
Results from financial transactions	**169**	25	(118)	**115**	–	–	**54**	25	(118)
Share of result in equity accounted investments	**1**	3	–	**1**	–	–	**–**	3	–
Other operating income	**111**	72	(6)	**86**	–	–	**25**	72	(6)
Operating income	**3,412**	1,110	678	**2,071**	–	–	**1,341**	1,110	678
Operating expenses	**2,743**	1,208	1,293	**1,310**	–	–	**1,433**	1,208	1,293
Operating result	**669**	(98)	(615)	**761**	–	–	**(92)**	(98)	(615)
Loan impairment and other credit risk provisions	**397**	(35)	(60)	**382**	–	–	**15**	(35)	(60)
Operating profit / (loss) before taxes	**272**	(63)	(555)	**379**	–	–	**(107)**	(63)	(555)
Income tax expense	**229**	40	(131)	**187**	–	–	**42**	40	(131)
Net operating profit / (loss)	**43**	(103)	(424)	**192**	–	–	**(149)**	(103)	(424)
Profit / (loss) for the year	**43**	(103)	(424)	**192**	–	–	**(149)**	(103)	(424)
Total assets	**390,326**	304,818	236,558	**51,485**	–	–	**338,841**	304,816	236,558
Risk-weighted assets	**65,544**	28,127	27,681	**40,130**	–	–	**25,414**	28,127	27,681
Full-time equivalent staff	**17,641**	6,221	6,013	**9,607**	–	–	**8,034**	6,221	6,013
Number of branches and offices	**1,090**	63	59	**1,014**	–	–	**76**	63	59
Efficiency ratio (in %)	**80.4%**	108.8%	190.7%	**63.3%**	–	–	**106.9%**	108.8%	190.7%

the growth in operating income, higher bonus expenses and higher costs for compliance with the Sarbanes-Oxley Act and other regulations.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions increased by EUR 50 million to a charge of EUR 15 million due to lower releases.

Results of operations for the years ended 31 December 2005 and 2004

Results for the year 2005 increased by EUR 321 million to a loss of EUR 103 million. This reflects an increase in operating income of EUR 432 million, a decrease in operating expenses of EUR 85 million and an increase in loan impairment and other credit risk provisions of EUR 25 million.

Operating income

Operating income increased by EUR 432 million, or 63.7%, to EUR 1,110 million, due to the increase in revenues from Global Markets. For the year 2005, the operating income lines net interest income and net trading income should be viewed together due to a reclassification in 2005 between net interest and net trading income resulting from the transition to IFRS (impact approximately EUR 550 million). This required changes to reporting and data flows that we completed in 2005. For 2004, we were only able to estimate the amount, due to the complexity and the volume of transactions involved.

- Net interest income decreased by EUR 459 million to minus EUR 248 million and net trading income increased by EUR 778 million to EUR 957 million. Viewed together, the increase was due to higher Global Markets results.
- Other operating income in 2005 included the gain on the sale of the Bishopsgate office in London (EUR 43 million).

Operating expenses

Operating expenses decreased by EUR 85 million, or 6.6%, to EUR 1,208 million. The 2004 results included restructuring charges (EUR 123 million) for both former Wholesale Clients and Group Shared Services reorganisations.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions increased by EUR 25 million to a release of EUR 35 million, due to lower level of releases.

BU North America

The table sets forth selected information pertaining to BU North America for the years ended 31 December 2006, 2005 and 2004.

(in millions of euros)	**2006**	2005	2004
Net interest income	**2,348**	2,211	2,332
Net fee and commission income	**697**	734	619
Net trading income	**229**	269	182
Results from financial transactions	**155**	79	(196)
Share of result in equity accounted investments	**4**	4	2
Other operating income	**313**	224	288
Operating income	**3,746**	3,521	3,227
Operating expenses	**2,457**	2,299	2,164
Operating result	**1,289**	1,222	1,063
Loan impairment and other credit risk provisions	**38**	(86)	161
Operating profit before taxes	**1,251**	1,308	902
Income tax expense	**167**	273	161
Net operating profit	**1,084**	1,035	741
Profit from discontinued operations net of tax	**104**	51	58
Profit for the year	**1,188**	1,086	799
Total assets	**163,276**	148,392	129,834
Risk-weighted assets	**71,697**	74,239	60,474
Full-time equivalent staff	**14,833**	15,018	15,799
Number of branches and offices	**441**	442	436
Efficiency ratio (in %)	**65.6%**	65.3%	67.1%

On 22 January 2007, the Group announced the sale of the ABN AMRO Mortgage Group, Inc. (AAMG), our US-based residential mortgage broker originating platform and the residential mortgage servicing business, to Citigroup. The decision to exit the wholesale mortgage business is part of the Group's strategy to streamline its activities and to align them around its mid-market commercial and consumer clients. LaSalle Bank Corporation, AAMG's corporate parent, will continue to serve consumer clients with residential mortgages and home equity loans through its retail branch network. The closing of this transaction occured in the first quarter of 2007, and the results of the divested business are reported as discontinued operations net of tax and are therefore not part of the comparison made.

Results of operations for the years ended 31 December 2006 and 2005

Profit for the year increased by EUR 102 million, or 9.4%, to EUR 1,188 million. Profit from continuing operations increased by EUR 49 million, or 4.7%, to EUR 1,084 million, mainly as a result of increases in operating income of EUR 225 million, EUR 158 million in operating expenses and EUR 124 million in loan impairment and other credit risk provisions. Discontinued operations net of tax increased by EUR 53 million. The US dollar depreciated 2.1% on average compared with the euro (comparing average rate in 2006 with the average rate in 2005).

Operating income

Operating income increased by EUR 225 million, or 6.4%, to EUR 3,746 million, mainly due to an improved contribution from all business lines despite challenges from the yield curve. The yield curve was inverted or flat for most of the year, which resulted in pressure on interest spreads. Furthermore, operating income increased due to the impact of the Talman settlement (EUR 110 million).

- Net interest income increased by EUR 137 million, or 6.2%, mainly due to continued commercial loan growth and higher deposit spreads.
- Results from financial transactions increased by EUR 76 million, or 96.2%, mainly due to higher volumes and gains from commercial conduit and multi-family group loan sales and improved cross-selling efforts. Cross-selling income increased primarily from cash management and syndication fees and from Global Market products, such as derivatives, foreign exchange and capital market products.
- Other operating income increased by EUR 89 million, or 39.7%, due to the inclusion of the impact of the Talman settlement. In December 2006, BU North America, through LaSalle Bank N.A., received a favourable judgement in its claim against the US-government related to the 1992 acquisition of the Talman Home Federal Savings and Loan Association. As a result, in December 2006, EUR 110 million was recognised in other operating income.

Operating expenses

Operating expenses increased by EUR 158 million, or 6.9%, to EUR 2,457 million mainly due to EUR 52 million restructuring charges related to a programme announced on 28 December 2006, EUR 12 million restructuring charges for the additional Services initiative and higher expenses related to investments in Group Service IT action tracks and increased compliance expenses.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions increased by EUR 124 million, from a net release of EUR 86 million to a net charge of EUR 38 million, mainly as a result of lower recoveries and releases.

Income tax expense

The overall effective tax rate declined from 20.9% in 2005 to 13.4% in 2006 due to tax releases.

Results of operations for the years ended 31 December 2005 and 2004

Profit for the year increased by EUR 287 million, or 35.9%, to EUR 1,086 million. This is mainly the result of increased operating income of EUR 294 million, increased operating expenses of EUR 135 million and a decrease in loan impairment and other credit risk provisions of EUR 247 million. The US dollar appreciated by 0.8% on average compared with the euro (comparing average rate in 2005 with the average rate in 2004).

Operating income

Operating income grew by EUR 294 million, or 9.1%, to EUR 3,521 million, mainly driven by higher commercial banking revenues and lower hedging costs related to the available-for-sale portfolio.

- Net interest income decreased by EUR 121 million, or 5.2%, mainly due to the impact of the flattening yield curve and margin pressure in Global Markets and in commercial lending due to increased competition, partly offset by solid commercial loan growth and higher deposit spreads.
- Net fee and commission income increased by EUR 115 million, or 18.6%, mainly due to higher Global Markets client commissions. The number of personal and small business checking accounts increased by more than 27,000, which led to higher checking- and trustee-related fees.
- Net trading income increased by EUR 87 million, or 47.8%, mainly due to higher Global Markets trading results.
- Results from financial transactions increased by EUR 275 million to EUR 79 million, due to lower hedging costs and higher gains from investment securities. The hedging costs, related to the available-for-sale portfolio, were significantly lower due to lower volatility in interest rates in 2005.

- Other operating income in 2004 included the sale of the professional brokerage and domestic custody business (EUR 46 million).

Operating expenses

Operating expenses increased by EUR 135 million, or 6.2%, to EUR 2,299 million, mainly due to expenses with respect to higher start-up costs of Group projects related to compliance, human resources and information technology. The 2004 results included restructuring charges (EUR 89 million) for both former Wholesale Clients and Global Shared Service reorganisations.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions decreased by EUR 247 million, or 153.4%, due to a net release of EUR 86 million. The decrease was due to lower gross provisioning levels as well as increased recoveries, reflecting the improving credit quality of the loan portfolio.

BU Latin America

The table sets forth selected information pertaining to BU Latin America for the years ended 31 December 2006, 2005 and 2004.

(in millions of euros)	**2006**	2005	2004
Net interest income	**2,905**	2,210	1,536
Net fee and commission income	**484**	379	344
Net trading income	**209**	57	(6)
Results from financial transactions	**34**	11	(4)
Share of result in equity accounted investments	**55**	37	9
Other operating income	**51**	369	152
Operating income	**3,738**	3,063	2,031
Operating expenses	**2,219**	1,848	1,386
Operating result	**1,519**	1,215	645
Loan impairment and other credit risk provisions	**722**	348	230
Operating profit before taxes	**797**	867	415
Income tax expense	**149**	265	174
Net operating profit	**648**	602	241
Profit for the year	**648**	602	241
Total assets	**36,169**	27,903	18,371
Risk-weighted assets	**19,416**	18,699	11,785
Full-time equivalent staff	**28,180**	26,479	27,489
Number of branches and offices	**2,151**	2,153	2,106
Efficiency ratio (in %)	**59.4%**	60.3%	68.2%

Results of operations for the years ended 31 December 2006 and 2005

Profit for the year increased by EUR 46 million, or 7.6%, to EUR 648 million. This is mainly the result of an increase in operating income of EUR 675 million, an increase in operating expenses of EUR 371 million and an increase in loan impairment and other credit risk provisions of EUR 374 million. The Brazilian real appreciated by 8.3% on average compared with the euro (comparing average rate in 2006 with the average rate in 2005).

Operating income

Operating income increased by EUR 675 million, or 22.0%, to EUR 3,738 million, mainly due to the continued strong growth of the Brazil credit portfolio and a further improvement in non-interest income, partly offset by the inclusion in 2005 of the book profit on the sale of Real Seguros (EUR 229 million in other

operating income). The contribution from Brazil to the operating income of the BU Latin America was unchanged at 95%.

At constant foreign exchange rates, the Brazilian retail banking business, which contributed 69.0% to the operating income from Brazil, grew by 19.7%, fuelled by a 31.8% increase in the retail loan portfolio at slightly lower net interest margins.

For the Aymoré consumer finance activities, which contributed 12.0% to the operating income from Brazil, operating income was up by 34.4% due to strong loan growth. Average balances grew by 32.1%. Commercial banking, which contributed 6.2% to the operating income from Brazil, increased its operating income by 18.8% on the back of loan growth, client-related trading income and net fee and commission income.

Operating expenses

Operating expenses increased by EUR 371 million, or 20.1%, to EUR 2,219 million, mainly due to a restructuring charge (EUR 12 million), higher investments related to Group Services IT outsourcing projects, the impact of the successive new collective labour agreements (collective labour agreements that came into effect in September 2005 and September 2006) and an increase in performance-related bonuses. The operating expense growth should also be seen in the context of an 8% increase in the number of customers in Brazil to 13.1 million at year-end 2006, as well as a further expansion of the network of sales outlets.

Loan impairment and other credit risk provisions

Loan impairments and other credit risk provisions increased by EUR 374 million, or 107.5%, to EUR 722 million, reflecting an increase in delinquencies in Brazil, mainly in the first half of the year 2006, as a result of the strong increase in credit availability in Brazil that started in 2005.

Income tax expense

The overall effective tax rate for the year 2006 declined by 11.9 percentage point to 18.7% as a result of tax credits related to the acquisition of Banca Intesa's minority holding in Banco ABN AMRO Real.

Results of operations for the years ended 31 December 2005 and 2004

Profit for the year increased by EUR 361 million, or 149.8%, to EUR 602 million. This is mainly due to an increase in operating income of EUR 1,032 million, an increase in operating expenses of EUR 462 million and an increase of loan impairment and other credit risk provisions of EUR 118 million. The Brazilian real appreciated by 22.6% on average compared with the euro (comparing average rate in 2005 with the average rate in 2004).

Operating income

Operating income increased by EUR 1,032 million, or 50.8%, to EUR 3,063 million.

- Net interest income increased by EUR 674 million, or 43.9%, mainly driven by robust organic growth in retail banking activities. The retail banking activities expanded by 16.0%, fuelled by a 31.4% increase in the retail loan portfolio. Lending to households, accounting for 53.8% of the retail loan portfolio, increased by 35.1%, driven by strong growth in personal loans and overdrafts. Lending to small and medium-sized enterprises grew by 27.3% on the back of increased account receivables financing and working capital needs. The average spread of the retail loan portfolio remained virtually unchanged.
- Net fee and commission income increased by EUR 35 million, or 10.2%. At constant foreign exchange rates, the net fee and commission income decreased, mainly due to payment services (retail banking) and higher commissions paid to car dealers resulting from higher volume in car loans.
- Net trading income increased by EUR 63 million to EUR 57 million, due to higher overall results from foreign exchange dealing and derivatives held for trading.

- Share of result in equity-accounted investments increased by EUR 28 million to EUR 37 million, mainly due to Visanet and Usiminas investments.
- Other operating income increased by EUR 217 million, due to the inclusion of the gain (EUR 229 million) on the sale of Real Seguros.

Operating expenses

Operating expenses increased by EUR 462 million, or 33.3%, to EUR 1,848 million driven by increases in personnel costs as a result of the new collective labour agreement, an increase in bonus accruals, new marketing and current account acquisition campaigns, the appreciation of the Brazilian real and expenses (EUR 37 million) in the last quarter of 2005 relating to the settlement of pension fund obligations regarding the one-time bonus element of the collective labour agreements of previous years, as well as information technology expenses.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions on loan losses increased by EUR 118 million, or 51.3%, to EUR 348 million, reflecting the strong growth in the retail portfolio.

Income tax expense

The overall effective tax rate for the year 2005 fell by 11.3 percentage points to 30.6%, mainly as a result of tax credits in the fourth quarter of 2005. The further appreciation of the Brazilian real against the US dollar in 2005 led to a hedge-related tax charge of EUR 39 million, compared with a hedge-related tax charge of EUR 24 million in 2004.

BU Asia

The table sets forth selected information pertaining to BU Asia for the years ended 31 December 2006, 2005 and 2004.

(in millions of euros)	**2006**	2005	2004
Net interest income	**511**	564	421
Net fee and commission income	**593**	421	383
Net trading income	**310**	131	120
Results from financial transactions	**12**	4	(3)
Share of result in equity accounted investments	**62**	73	127
Other operating income	**31**	44	22
Operating income	**1,519**	1,237	1,070
Operating expenses	**1,089**	914	710
Operating result	**430**	323	360
Loan impairment and other credit risk provisions	**218**	27	3
Operating profit before taxes	**212**	296	357
Income tax expense	**101**	90	83
Net operating profit	**111**	206	274
Profit from discontinued operations net of tax	**–**	–	240
Profit for the year	**111**	206	514
Total assets	**60,187**	57,280	46,943
Risk-weighted assets	**12,375**	11,902	9,394
Full-time equivalent staff	**13,894**	11,590	8,491
Number of branches and offices	**114**	144	140
Efficiency ratio (in %)	**71.7%**	73.9%	66.4%

Results of operations for the years ended 31 December 2006 and 2005

Profit for the year decreased by EUR 95 million, or 46.1%, to EUR 111 million. This reflects an increase in operating income of EUR 282 million, an increase in operating expenses of EUR 175 million and an increase in loan impairment and other credit risk provisions of EUR 191 million.

Operating income

Operating income increased by EUR 282 million, or 22.8%, to EUR 1,519 million, mainly driven by strong client growth in consumer banking and higher operating income in the commercial segment.

Client growth in the consumer banking segment was mainly driven by the Van Gogh Preferred Banking business (a relationship banking approach to mass affluent clients serviced through a dedicated point of contact). The number of clients in Asia increased by 18% to 3.3 million and the number of credit cards in Asia increased by 19% to 2.8 million. The strongest-performing regions, from a consumer banking perspective, were India, China, Hong Kong and Taiwan, United Arab Emirates and Indonesia. India and China, Hong Kong and Taiwan are two of our key franchises in Asia and are a major focus for our growth efforts. The higher operating income in the commercial business segment was mainly driven by growth in Hong Kong, United Arab Emirates, Pakistan and China. Australia grew by 59%, driven by strong growth in its infrastructure capital business.

- Net fee and commission income increased by EUR 172 million, or 40.9%, mainly due to payment services following the growth in the credit card business and due to large infrastructure and capital deals in Australia.
- Net trading income increased by EUR 179 million to EUR 310 million, mainly resulting from higher equity finance income in Hong Kong and Taiwan.
- Share of result in equity accounted investments decreased by EUR 11 million, or 15.1%. The contribution from our participation (40%) in Saudi Hollandi Bank decreased by EUR 9 million, or 12.3%, as the improved operating result was more than offset by our share in EUR 21 million provisioning.

Operating expenses

Operating expenses increased by EUR 175 million, or 19.1%, to EUR 1,089 million, which was mainly a reflection of staff hirings (from 11,590 full-time equivalents in 2005 to 13,894 full-time equivalents in 2006), continued investments in the expansion of the branch network in support of our Van Gogh Preferred Banking growth ambitions and continued growth in the consumer and credit card business and EUR 10 million restructuring charges for Global Markets and Risk.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions increased by EUR 191 million to EUR 218 million, mainly reflecting higher provisions for the credit card receivables in Taiwan.

Results of operations for the years ended 31 December 2005 and 2004

Profit for the year 2005 decreased by EUR 308 million, or 59.9%, to EUR 206 million. Profit from continuing operations decreased by EUR 68 million, or 24.8%, to EUR 206 million. This is mainly the result of an increase in operating income of EUR 167 million, an increase in operating expenses of EUR 204 million and an increase in loan impairment and other credit risk provisions of EUR 24 million. Discontinued operations net of tax related to the classification as discontinued operations net of tax of Bank of Asia, which was sold in 2004.

Operating income

Operating income increased by EUR 167 million, or 15.6%, to EUR 1,237 million, largely due to strong growth in consumer banking revenues driven by the growth of the credit card business and the Van Gogh Preferred Banking activities. The number of credit cards in Asia increased by 48% to 2.4 million and the number of customers in Asia increased by 36% to 2.8 million.

- Net interest income increased by EUR 143 million, or 34.0%, reflecting the increase in credit card lending, consumer finance and saving accounts.
- Net fee and commission income increased by EUR 38 million, or 9.9%, due to payment services following the growth in the credit card business, partly offset by the reclassification of credit card lending fees from net fee and commission income to net interest income in 2005.
- Share of result in equity accounted investments decreased by EUR 54 million, or 42.5%, mainly due to the inclusion in 2004 of the sale of shares in the Thai brokerage operation. The contribution from our participation (40%) in Saudi Hollandi Bank increased.

Operating expenses

Operating expenses increased by EUR 204 million, or 28.7%, to EUR 914 million, mainly due to higher expenses from Global Markets activities and continued investments in the various businesses in Asia, including the launch of new products, opening of new branches and intensive marketing campaigns. In 2005, 14 branches were opened, bringing the total in Asia to 67, of which 23 are located in India. The 2004 results included a restructuring charge (EUR 27 million) for both former Wholesale Clients and Group Shared Services reorganisations.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions increased by EUR 24 million to EUR 27 million, reflecting the growth of the loan portfolio and higher credit card outstandings.

BU Global Clients

The table on page 118 sets forth selected information pertaining to BU Global Clients for the years ended 31 December 2006, 2005 and 2004.

Results of operations for the years ended 31 December 2006 and 2005

Profit for the year decreased by EUR 249 million, or 45.0%, to EUR 304 million. This is mainly the result of a decrease in operating income of EUR 42 million, an increase in operating expenses of EUR 275 million and a decrease in loan impairment and other credit risk provisions of EUR 23 million.

Operating income

Operating income decreased by EUR 42 million, or 1.7%, to EUR 2,408 million. Excluding the consolidation effect (non-GAAP measure) operating income rose by EUR 60 million, or 2.5%.

- Net fee and commission income increased by EUR 415 million, or 49.9%, and net trading income decreased by EUR 148 million, or 20.8%. The product take-up of clients served in 2005 was approximately one-third mergers and acquisitions, fixed income capital markets, equity capital markets, structured lending and merchant banking; one-third equity and financial markets (rates, foreign exchange, credits and alternative local products) and one-third loan products and transaction banking. Further focus on fee-driven products led to a change in the product mix in 2006 with strong growth in primary and secondary capital markets products.
- The 2006 results include the fair market adjustments of the indirect stake in Korean Exchange Bank (positive EUR 69 million in 2005 and negative EUR 13 million in 2006).
- Results from financial transactions decreased by EUR 80 million, or 66.1%. As of the second half of 2005 the BU Global Clients implemented an ongoing programme of credit portfolio hedging, securitisations and loan sales, in line with the Group's strategy to manage the balance sheet more actively. Costs associated with managing the portfolio are booked as a net charge to results from financial transactions.

Operating expenses

Operating expenses increased by EUR 275 million, or 14.7%, to EUR 2,144 million (non-GAAP measure EUR 379 million), due to a shift in the product mix, which led to an increase in allocated infrastructure and

BU Global Clients

(in millions of euros)	IFRS			Consolidation effect[1]			Excluding consolidation effect (non-GAAP meassure)		
	2006	2005	2004	**2006**	2005	2004	**2006**	2005	2004
Net interest income	**555**	646	568	**–**	(72)	–	**555**	718	568
Net fee and commission income	**1,246**	831	860	**–**	–	–	**1,246**	831	860
Net trading income	**563**	711	519	**–**	–	–	**563**	711	519
Results from financial transactions	**41**	121	133	**–**	46	–	**41**	75	133
Share of result in equity accounted investments	**–**	–	–	**–**	–	–	**–**	–	–
Other operating income	**3**	13	8	**–**	–	–	**3**	13	8
Income of consolidated private equity holdings	**–**	128	–	**–**	128	–	**–**	–	–
Operating income	**2,408**	2,450	2,088	**–**	102	–	**2,408**	2,348	2,088
Operating expenses	**2,144**	1,869	1,782	**–**	104	–	**2,144**	1,765	1,782
Operating result	**264**	581	306	**–**	(2)	–	**264**	583	306
Loan impairment and other credit risk provisions	**(27)**	(50)	49	**–**	–	–	**(27)**	(50)	49
Operating profit before taxes	**291**	631	257	**–**	(2)	–	**291**	633	257
Income tax expense	**(13)**	78	68	**–**	(2)	–	**(13)**	80	68
Net operating profit	**304**	553	189	**–**	–	–	**304**	553	189
Profit for the year	**304**	553	189	**–**	–	–	**304**	553	189
Total assets	**69,443**	54,585	32,137	**–**	–	–	**69,443**	54,585	32,137
Risk-weighted assets	**25,230**	26,171	22,429	**–**	–	–	**25,230**	26,171	22,429
Full-time equivalent staff	**1,214**	1,153	1,778	**–**	–	–	**1,214**	1,153	1,778
Number of branches and offices	**70**	69	65	**–**	–	–	**–**	69	65
Efficiency ratio (in %)	**89.0%**	76.3%	85.3%	**–**	102.0%	–	**89.0%**	75.2%	85.3%

1 *This is the impact per line item of the private equity investments which are required to be consolidated under IFRS. See financial statements 2006, Accounting policies.*

product costs, and in 2006 includes a restructuring charge (EUR 19 million) for Group Shared Services reorganisations.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions decreased by EUR 23 million to a net release of EUR 27 million, which was mainly caused by a release in the incurred-but-not-identified provision.

Results of operations for the years ended 31 December 2005 and 2004

Profit for the year increased by EUR 364 million, or 192.6%, to EUR 553 million. This is mainly the result of an increase in operating income of EUR 362 million, an increase in operating expenses of EUR 87 million and a decrease in loan impairment and other credit risk provisions of EUR 99 million.

Operating income

Operating income increased by EUR 362 million, or 17.3%, to EUR 2,450 million, mainly due to the operating income of our private equity holding (Priory) and due to enhanced activity of our clients and a greater share of their wallet.

Operating expenses

Operating expenses increased by EUR 87 million, or 4.9%, to EUR 1,869 million, mainly due to the consolidation of operating expenses of our private equity holding (Priory). The 2004 results included a restructuring charge (EUR 49 million) for both the former Wholesale Clients and Global Shared Service reorganisation.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions decreased by EUR 99 million to a net release of EUR 50 million, mainly due to releases.

BU Private Clients

The table sets forth selected information pertaining to BU Private Clients for the years ended 31 December 2006, 2005 and 2004.

(in millions of euros)	**2006**	2005	2004
Net interest income	**544**	529	459
Net fee and commission income	**700**	612	560
Net trading income	**64**	44	53
Results from financial transactions	**4**	11	1
Share of result in equity accounted investments	**2**	1	14
Other operating income	**75**	100	59
Operating income	**1,389**	1,297	1,146
Operating expenses	**956**	915	869
Operating result	**433**	382	277
Loan impairment and other credit risk provisions	**40**	16	7
Operating profit before taxes	**393**	366	270
Income tax expense	**121**	87	78
Net operating profit	**272**	279	192
Profit for the year	**272**	279	192
Total assets	**20,510**	19,111	16,416
Risk-weighted assets	**9,672**	9,437	7,498
Assets under Administration (in billions of EUR)	**142.0**	131.0	115.0
Full-time equivalent staff	**3,365**	4,093	4,024
Number of branches and offices	**96**	85	83
Efficiency ratio (in %)	**68.8%**	70.5%	75.8%

Results of operations for the years ended 31 December 2006 and 2005

Profit for the year decreased by EUR 7 million, or 2.5%, to EUR 272 million. This reflects an increase in operating income of EUR 92 million, an increase in operating expenses of EUR 41 million, an increase in loan impairment and credit risk provisions of EUR 24 million and an increase in income tax expense of EUR 34 million.

Operating income

Operating income increased by EUR 92 million, or 7.1%, to EUR 1,389 million driven by increases across all regions (especially the Netherlands, France and Germany) and the successful integration of Bank Corluy into Private Clients Belgium.

- Net interest income grew by EUR 15 million, or 2.8%, on the back of higher volumes in client deposits.
- The increase in non-interest income was driven by net fee and commission income, which grew by EUR 88 million, or 14.4%, reflecting the client appetite for equity products and Private Investor Products. Assets under Administration increased by EUR 11.0 billion to EUR 142.0 billion, reflecting an increase in net new assets and higher net asset values due to improved financial markets. The asset mix remained relatively stable with 69% in securities and 31% in cash.
- Other operating income in 2005 included the gain on the sale of Nachenius, Tjeenk & Co in 2005 (EUR 38 million).

Operating expenses

Operating expenses increased by EUR 41 million, or 4.5%, to EUR 956 million as a consequence of the merger of Banque Neuflize and Banque OBC in France, higher value-added tax in France following a change in legislation, higher expenses in Asia and Latin America to fund future growth and higher compliance costs. The 2005 results included restructuring charges (EUR 45 million versus EUR -27 million release in 2006) related to the merger of Banque Neuflize and OBC in France.

Loan impairment and credit risk provisions

Loan impairment and credit risk provisions increased by EUR 24 million to EUR 40 million, mainly due to a higher provision in the International Diamonds & Jewelry Group.

Results of operations for the years ended 31 December 2005 and 2004

Profit for the year 2005 increased by EUR 87 million, or 45.3%, to EUR 279 million. This is mainly the result of increased operating income of EUR 151 million and increased operating expenses of EUR 46 million.

Operating income

Operating income increased by EUR 151 million, or 13.2%, to EUR 1,297 million, mainly due to a strong performance in the Netherlands and Germany and the contribution of Bank Corluy (Private Clients Belgium).

- Net interest income increased by EUR 70 million, or 15.3%, due to higher client balances on savings accounts and deposits, and spreads in the Netherlands, Germany and the European growth markets.
- Net fee and commission income increased by EUR 52 million, or 9.3%, mainly due to higher Assets under Administration, as well as improved equity markets and a substantial number of new product launches.
- Share of result in equity accounted investments decreased by EUR 13 million. The results in 2004 included a book profit on the sale of fund management services in France.
- Other operating income increased by EUR 41 million, due to the gain on the sale of Nachenius, Tjeenk & Co (EUR 38 million).

Operating expenses

Operating expenses increased by EUR 46 million, or 5.3%, to EUR 915 million, partly due to higher costs related to the expansion of the business in the Netherlands. Expenses in Germany showed a decline, reflecting the cost synergies from the completed integration of Delbrück Bethmann Maffei.
The results in 2005 included restructuring charges (EUR 45 million) related to the merger of Banque Neuflize and OBC in France and the results in 2004 included Group Shared Services restructuring charges (EUR 56 million).

Income tax expense

The overall effective tax rate for the year 2005 fell by 5.1% points to 23.8%, mainly due to tax exempt book profit on the sale of Nachenius, Tjeenk & Co and lower tax expense resulting from the statutory reduction of Swiss corporate income tax.

BU Asset Management

The table sets forth selected information pertaining to BU Asset Management for the years ended 31 December 2006, 2005 and 2004.

(in millions of euros)	**2006**	2005	2004
Net interest income	**(15)**	6	5
Net fee and commission income	**717**	596	535
Net trading income	**(4)**	14	9
Results from financial transactions	**40**	55	10
Share of result in equity accounted investments	**1**	18	2
Other operating income	**89**	23	34
Operating income	**828**	712	595
Operating expenses	**528**	501	444
Operating profit before taxes	**300**	211	151
Income tax expense	**65**	40	46
Net operating profit	**235**	171	105
Profit for the year	**235**	171	105
Total assets	**1,402**	1,199	954
Risk-weighted assets	**870**	823	1,182
Assets under Management (in billions of EUR)	**193.3**	176.2	160.7
Full-time equivalent staff	**1,563**	1,655	1,919
Number of branches and offices	**22**	33	31
Efficiency ratio (in %)	**63.8%**	70.4%	74.6%

In February 2006, BU Asset Management acquired International Asset Management Limited (IAM). IAM is a fund of hedge funds that manages approximately USD 2.6 billion of Assets under Management.

Results of operations for the years ended 31 December 2006 and 2005

Profit for the year increased by EUR 64 million, or 37.4%, to EUR 235 million. This was mainly the result of an increase in operating income of EUR 116 million, partly offset by an increase in operating expenses of EUR 27 million.

Operating income

Operating income increased by EUR 116 million, or 16.3%, to EUR 828 million.

- Net fee and commission income increased by EUR 121 million, or 20.3%, reflecting the higher Assets under Management levels, the higher fee levels on existing products and a further shift in the asset mix towards more profitable products.
- Share of result in equity accounted investments decreased by EUR 17 million to EUR 1 million due to the sale of the trust business in 2005.
- Results from financial transactions decreased by EUR 15 million, or 27.3%, due to a decline in revenues from seed capital positions.
- Other operating income increased by EUR 66 million to EUR 89 million as a result of divestments. The 2006 results included the gain on the sale of the Asset Management operations in Curacao (EUR 28 million), the gain on the sale of the domestic asset management operations in Taiwan (EUR 38 million) and the gain on the sale of the US mutual fund business (EUR 17 million). The 2005 results included the sale of operations in Kazakhstan (EUR 13 million).

Operating expenses

Operating expenses increased by EUR 27 million, or 5.4%, to EUR 528 million. Lower operating expenses due to the sale of the trust business were more than offset by higher bonus accruals and the inclusion of IAM.

Income tax expense

The overall effective tax rate for the year increased from 19.0% in 2005 to 21.7% in 2006, mainly due to lower levels of tax-exempted seed capital gains. The income tax expense was also influenced in 2006 by the tax-exempted gain on the sale of the asset management operations in Curacao (EUR 28 million), the tax-exempted gain on the sale of the domestic asset management operations in Taiwan (EUR 38 million) and the tax-exempted gain on the sale on the sale of the United States mutual fund business (EUR 17 million). The income tax expense in 2005 was influenced by the inclusion of the tax-exempted gain on the sale of the trust business (EUR 17 million).

Results of operations for the years ended 31 December 2005 and 2004

Profit for the year increased by EUR 66 million, or 62.9%, to EUR 171 million. This is mainly the result of an increase in operating income of EUR 117 million and an increase in operating expenses of EUR 57 million.

Operating income

Operating income increased by EUR 117 million, or 19.7%, to EUR 712 million.

- Net fee and commission income increased by EUR 61 million, or 11.4%, despite the loss in net fee and commission income from the sale of the trust business. The increase reflected the improved asset mix towards more profitable products, higher fee levels on existing products, the rise in Assets under Management levels due to a better capital markets environment and improved performance of our mandates.
- Results from financial transactions increased by EUR 45 million to EUR 55 million, due to the positive returns on seed capital and the book profit on small divestments.
- Share of result in equity accounted investments increased by EUR 16 million to EUR 18 million, due to the sale of the trust business.
- Other operating income decreased by EUR 11 million, or 32.4%, as a result of divestments driven by the strict focus on core activities. The 2005 results included the sale of operations in Kazakhstan (EUR 13 million). The 2004 results included the gain on the sale of the 401 K business in the United States (EUR 16 million) and the book profit on the sale of the Czech pension fund in the first quarter of the year (EUR 12 million).

Operating expenses

Operating expenses increased by EUR 57 million, or 12.8%, to EUR 501 million, mainly driven by higher performance-related remuneration, professional fees related to divestment processes, an increase in commercial activities and an impairment charge taken for software and commercial contracts.

Income tax expense

The overall effective tax rate for the year decreased from 30.5% in 2004 to 19.0% in 2005, due to the impact of non-taxable events including the impact of the sale of the trust business (EUR 17 million), small divestments and proceeds from seed capital. The income tax expense in 2004 also included the impact of the tax exempted gain on the sale of the Czech Pension Fund (EUR 12 million).

Private Equity

(in millions of euros)	IFRS			Consolidation effect [1]			Excluding consolidation effect (non-GAAP meassure)		
	2006	2005	2004	**2006**	2005	2004	**2006**	2005	2004
Net interest income	**(299)**	(200)	(113)	**(342)**	(208)	(83)	**43**	8	(30)
Net fee and commission income	**12**	17	8	**–**	–	–	**12**	17	8
Net trading income	**13**	(13)	3	**(3)**	2	(1)	**16**	(15)	4
Results from financial transactions	**422**	353	579	**15**	(11)	(27)	**407**	364	606
Other operating income	**2**	1	(25)	**–**	(6)	–	**2**	7	(25)
Income of consolidated private equity holdings	**5,313**	3,509	2,616	**5,313**	3,509	2,616	**–**	–	–
Operating income	**5,463**	3,667	3,068	**4,983**	3,286	2,505	**480**	381	563
Operating expenses	**5,031**	3,391	2,614	**4,939**	3,262	2,499	**92**	129	115
Operating result	**432**	276	454	**44**	24	6	**388**	252	448
Loan impairment and other credit risk provisions	**26**	34	16	**–**	–	–	**26**	34	16
Operating profit before taxes	**406**	242	438	**44**	24	6	**362**	218	432
Income tax expense	**(3)**	(21)	33	**44**	24	6	**(47)**	(45)	27
Net operating profit	**409**	263	405	**–**	–	–	**409**	263	405
Profit for the year	**409**	263	405	**–**	–	–	**409**	263	405
Total assets	**7,706**	7,293	4,135	**4,537**	3,477	2,393	**3,169**	3,816	1,743
Risk-weighted assets	**2,379**	2,678	1,988	**–**	–	–	**2,379**	2,678	1,988
Full-time equivalent staff	**30,974**	27,884	18,053	**30,881**	27,775	17,938	**93**	109	115
Number of branches and offices	**7**	9	9	**–**	–	–	**7**	9	9
Efficiency ratio (in %)	**92.1%**	92.5%	85.2%	**99.1%**	99.3%	99.8%	**19.2%**	33.9%	20.4%

1 *This is the impact per line item of the private equity investments which are required to be consolidated under IFRS. See financial statements 2006, Accounting policies.*

Private Equity

The table above sets forth selected information pertaining to Private Equity for the years ended 31 December 2006, 2005 and 2004.

Results of operations for the years ended 31 December 2006 and 2005

Private Equity made a total of EUR 483 million in new investments in 2006. A total of EUR 1,044 million in proceeds was realised from divestments. As a result of investments, divestments, unrealised fair market value changes including foreign exchange fluctuations of EUR 412 million, the value of the total portfolio under management by Private Equity decreased from EUR 2,458 million in 2005 to EUR 2,309 million in 2006.

Major new buy-out investments in 2006 were U-pol (United Kingdom, automotive manufacturing), OFIC (France, isolation materials), Lucas Bols (Netherlands, branded liqueurs and spirits), Nextira One (France, integrated enterprise network solutions), Volution (United Kingdom, constructions), Douglas Hanson (United States, manufacturing, add-on to Loparex, Sweden), Amitco (United Kingdom, manufacturing) and Saunatec (Finland, manufacturing).

Major divestments were Holland Railconsult (Netherlands, railway engineering), Kreatel communications (Sweden, telecommunications), Sogetrel (France, telecommunications), Radio Holland Group (Netherlands, maritime navigation and communication systems) and RTD (Netherlands, industrial non-destructive testing services), Jessops (United Kingdom, retail) and Dennis Eagle (United Kingdom, industrial).

The fair value of the unquoted buy-out portfolio at year-end 2006 amounted to EUR 1,729 million. The fair market value of the unquoted corporate investment portfolio amounted to EUR 533 million. The fair market value of the quoted portfolio was EUR 47 million.

In 2006, Private Equity completed 19 acquisitions and 58 add-ons for a total of EUR 483 million and 39 divestments for a total of EUR 1,044 million.

Profit for the year increased by EUR 146 million, or 55.5%, to EUR 409 million. This was mainly the result of an increase in operating income of EUR 1,796 million and an increase in operating expenses of EUR 1,640 million.

Operating income

Operating income increased by EUR 1,796 million, or 49.0%, to EUR 5,463 million, mainly due to higher income from consolidated private equity investments, higher unrealised fair market value returns from unconsolidated investments partially offset by increased interest expenses.

- Net interest income decreased by EUR 99 million to a minus of EUR 299 million, due to higher interest expenses from consolidated private equity investments.

Operating expenses

Operating expenses increased by EUR 1,640 million, or 48.4%, to EUR 5,031 million, mainly due to higher expenses from consolidated private equity investments, lower overhead charges and lower goodwill impairments.

Results of operations for the years ended 31 December 2005 and 2004

The fair market value of the private equity portfolio increased from EUR 1,993 million in 2004 to EUR 2,458 million in 2005. This was the result of EUR 812 million in new investments, EUR 497 million of investments sold, EUR 188 million (including foreign exchange fluctuations) of unrealised fair market value changes on the existing portfolio and EUR 38 million of reclassifications (including foreign exchange fluctuations). Unrealised changes in the fair market value of the consolidated portfolio are only recognised as operating income at the time when a consolidated investment is sold.

Major new buy-out investments in 2005 were FlexLink (Sweden, engineering), Strix (UK, engineering), Fortex (Netherlands, support services), Loparex (Finland, industrial products), Everod (Australia, medical services), Bel'm (France, consumer products), IMCD (Netherlands, chemicals), Nueva Terrain (Spain, construction), Roompot (Netherlands, leisure), Scotts and McColls (Australia, transportation), Bonna Sabla (France, industrial products & services) and Bianchi Vending (Italy, business products & supplies). Major divestments were Handicare (Norway, medical equipment), MobiTel (Bulgaria, communications), AUSDOC (Australia, support services) and Puzzler Media (UK, media).

The fair market value of the unquoted buy-out portfolio at year-end 2005 amounted to EUR 1,711 million. The fair market value of the unquoted corporate investment portfolio amounted to EUR 579 million. The fair market value of the quoted portfolio was EUR 168 million.

Profit for the year decreased by EUR 142 million, or 35.1%, to EUR 263 million. This was mainly the result of an increase in operating income of EUR 599 million, an increase in operating expenses of EUR 777 million and an increase in loan impairment and other credit risk provisions of EUR 18 million.

Operating income

Operating income increased by EUR 599 million, or 19.5%, to EUR 3,667 million, mainly due to higher operating income from consolidated private equity investments.

- Net interest income decreased by EUR 87 million to a minus of EUR 200 million, mainly due to higher interest expenses from consolidated private equity investments.
- Results from financial transactions decreased by EUR 226 million, or 39.0%, mainly due to a lower level of exits of consolidated investments. Results from financial transactions related to consolidated investments

are recorded only at the time of the sale, in contrast to unconsolidated investments, whose unrealised fair value results are recorded directly in income.

Operating expenses

Operating expenses increased by EUR 777 million, or 29.7%, to EUR 3,391 million, mainly due to higher operating expenses from consolidated private equity investments and due to higher incentive compensation payments and expenses related to a higher volume of investments, which were higher in 2005 versus 2004.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions increased by EUR 18 million to EUR 34 million, due to a provision taken in the United Kingdom portfolio.

Income tax expense

Income tax expense decreased by EUR 54 million to minus EUR 21 million, mainly due to a tax release of EUR 45 million.

Group Functions

The table sets forth selected information pertaining to Group Functions, for the years ended 31 December 2006, 2005 and 2004.

(in millions of euros)	**2006**	2005	2004
Net interest income	**(368)**	(261)	15
Net fee and commission income	**79**	90	96
Net trading income	**77**	59	37
Results from financial transactions	**182**	620	484
Share of result in equity accounted investments	**67**	114	20
Other operating income	**461**	26	9
Operating income	**498**	648	661
Operating expenses	**428**	74	393
Operating result	**70**	574	268
Loan impairment and other credit risk provisions	**82**	96	24
Operating profit / (loss) before taxes	**(12)**	478	244
Income tax expense / (credit)	**(233)**	(33)	44
Net operating profit	**221**	511	200
Profit from discontinued operations net of tax	**–**	–	1,207
Profit for the year	**221**	511	1,407
Total assets	**68,183**	83,351	68,003
Risk-weighted assets	**(2,096)**	7,053	3,871
Full-time equivalent staff	**4,438**	3,835	4,052
Efficiency ratio (in %)	**85.9%**	11.4%	59.5%

Group Functions includes the operating results of Group Services.

With the results for the third quarter of 2006, we announced measures to improve the cost efficiency and productivity in Group Functions. The improvement in operational efficiency will be achieved by focusing on efficiency and productivity that will affect more than 500 full-time equivalents predominantly at head office. In the fourth quarter of 2006 Group Functions took a restructuring charge of EUR 29 million.

Results of operations for the years ended 31 December 2006 and 2005

Profit for the year decreased by EUR 290 million, or 56.8%, to EUR 221 million. This was the result of a decrease in operating income of EUR 150 million, an increase in operating expenses of EUR 354 million and an increase in tax benefit of EUR 200 million.

Operating income

Operating income decreased by EUR 150 million, or 23.1%, to EUR 498 million, mainly due to lower asset and liability management results and a lower contribution from our share of result in equity accounted investments, partly offset by the gain on the sale of Kereskedelmi és Hitelbank Rt. (EUR 208 million), the gain on the sale of the Global Futures business (EUR 229 million) and a provision for balance-sheet adjustments in 2005 (minus EUR 86 million in 2005).

The lower asset and liability management income was due to higher funding costs as a result of higher euro and US dollar interest rates, lower returns on the investment portfolio as a result of the flattening yield curve, and marked-to-market losses on capital and risk hedging (credit default swap portfolio) as a result of credit spreads tightening. The loss on capital and risk hedging (credit default swap portfolio) of EUR 261 million in 2006 will be recovered over time as the underlying asset matures.

- Net interest income includes the funding costs from preferred shares.
- Results from financial transactions decreased by EUR 438 million to EUR 182 million, mainly due to lower results on bonds and credit default swaps.
- Share of result in equity accounted investments decreased by EUR 47 million, or 41.2%, due to the absence of the contribution of our stake in Antonveneta, which was consolidated in 2006, and Kereskedelmi és Hitelbank Rt., which was sold in 2006, partly offset by a higher contribution from our stake in Capitalia.
- Other operating income increased by EUR 435 million to EUR 461 million due to the inclusion of the gain on the sale of Kereskedelmi és Hitelbank Rt. (EUR 208 million) and the gain on the sale of the Futures business (EUR 229 million).

Operating expenses

Operating expenses increased by EUR 354 million to EUR 428 million. The results in 2006 included a EUR 29 million restructuring charge related to the reorganisation as announced on 30 October 2006 mainly for Risk Management and IT, higher costs for compliance with the Sarbanes-Oxley Act, Basel II and other regulations. The results in 2005 included a release of the post-retirement healthcare benefit provision (EUR 392 million), a provision for compensating holidays not taken by staff (EUR 56 million) and the costs of the United States regulatory fine (EUR 67 million).

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions decreased by EUR 14 million to EUR 82 million. The 2006 results included the Futures provisions (EUR 72 million) and the 2005 results included mainly provisions related to incurred-but-not-identified loan losses, which as of 2006 are allocated to the BUs.

Income tax expense

Income tax expense declined by EUR 200 million to minus EUR 233 million, mainly due to a large tax credit in the Netherlands and some other countries, the impact on deferred taxes of the change in the tax rate of the Netherlands and the impact of the tax exempted gain on the sale of Kereskedelmi és Hitelbank Rt. (EUR 208 million). The results in 2005 included a tax release of EUR 100 million and the impact of a tax exempted United States regulatory fine (EUR 67 million).

Results of operations for the years ended 31 December 2005 and 2004

Profit for the year decreased by EUR 896 million, or 63.7%, to EUR 511 million. Discontinued operations net of tax in 2004 are related to the classification as discontinued operations net of tax of LeasePlan, which was sold in 2004. Profit from continuing operations increased by EUR 311 million, or 155.5%, to EUR 511 million. This was mainly the result of a decrease in operating income of EUR 13 million, a decrease in operating expenses of EUR 319 million, an increase in loan impairment and other credit risk provision of EUR 72 million and declined income tax expense of EUR 77 million.

Operating income

Operating income decreased by EUR 13 million, or 2.0%, to EUR 648 million, mainly due to lower US dollar profit hedge results and a provision for balance-sheet adjustments (minus EUR 86 million), offsetting higher results from share of result in equity accounted investments.

- Net interest income decreased by EUR 276 million to minus EUR 261 million, mainly due to lower US dollar hedging results and lower asset and liability management results.
- Net fee and commission income decreased by EUR 6 million, or 6.3%, mainly due to the inclusion of a EUR 30 million fee paid to BU Global Markets related to the equity issue of ABN AMRO shares.
- Results from financial transactions increased by EUR 136 million, or 28.1%, mainly due to the revaluation of Antonveneta options, the sale of bonds, derivative results and partly offset by the gain on the sale of our stake in Bank Austria in 2004.
- Share of result in equity accounted investments increased by EUR 94 million to EUR 114 million, due to better results from our stakes in Capitalia and Antonveneta and in Hungary's Kereskedelmi és Hitelbank Rt.

Operating expenses

Operating expenses decreased by EUR 319 million to EUR 74 million. The results in 2005 included a release of the post-retirement healthcare benefit provision (EUR 392 million), a provision for compensating holidays not taken by staff (EUR 56 million), the costs of the United States regulatory fine (EUR 67 million) and increased costs related to compliance with the Sarbanes-Oxley Act, Basel II and other regulations. The results in 2004 included a EUR 177 million charge for the buy-out or compensation paid to staff for the termination of the profit-sharing agreements, as provided by the new collective labour agreement.

Loan impairment and other credit risk provisions

Loan impairment and other credit risk provisions increased by EUR 72 million to EUR 96 million, mainly due to provisions related to the incurred-but-not-identified loan losses.

Income tax expense

Income tax expense declined by EUR 77 million to a favourable tax benefit of EUR 33 million, mainly due to releases of tax provisions. The results in 2005 included the impact of a tax exempted United States regulatory fine (EUR 67 million).

Group capital

The following table shows our capital at 31 December 2006, 2005 and 2004.

Group capital

(in millions of euros)	**2006**	2005	2004
Ordinary share capital	**1,085**	1,069	954
Ordinary share premium reserves	**5,245**	5,269	2,604
Treasury shares	**(1,829)**	(600)	(632)
Retained earnings	**18,599**	15,237	11,580
Net gains / (losses) not recognised in the income statement	**497**	1,246	309
Equity attributable to shareholders of the parent company	**23,597**	22,221	14,815
Minority interests	**2,298**	1,931	1,737
Equity	**25,895**	24,152	16,552
Subordinated liabilities	**19,213**	19,072	16,687
Group capital	**45,108**	43,224	33,239

Group capital at year-end 2006 was EUR 45,108 million, an increase of EUR 1,884 million, or 4.4%, compared with 2005. The EUR 1,376 million, or 6.2%, increase in equity attributable to shareholders of the parent company equity was mainly due to retained earnings, partly offset by movements in special components of equity relating to cash flow hedges and available-for-sale securities, currency translation differences and purchase of treasury shares.

Group capital at year-end 2005 was EUR 43,224 million, an increase of EUR 9,985 million, or 30.0%, compared with 2004. The EUR 7,406 million, or 50.0%, increase in equity attributable to shareholders of the parent company was mainly due to retained earnings, private placements, exchange rate differences, share-based payments and exercise of staff options, partly offset by movements in special components of equity relating to cash flow hedges and available-for-sale securities

The full-year addition to reserves resulting from profit attributable to the shareholders of the parent company less dividends paid equals EUR 3,252 million (2005: EUR 3,723 million). Private placements in 2005 included the issue on 5 April 2005 of 135 million ordinary shares at EUR 18.65 and the issue of 10.3 million ordinary shares at EUR 19.66 on 20 June 2005. Costs relating to these private placements of EUR 27 million were deducted from equity.

In 2006, the movements in net gains/(losses) not recognised in the income statement include the net movement in the reserve for available-for-sale assets consisting of net unrealised losses in available-for-sale assets of EUR 233 million and net realised gains reclassified to the income statement of EUR 602 million. The net movement in the cash flow hedge reserve consisting of the net unrealised gains on cash flow hedges of EUR 735 million and the realised gains reclassified to the income statement of EUR 215 million and exchange rate differences, amounting to a loss of EUR 434 million, of which EUR 59 million relates to the US dollar and EUR 101 million relates to the Brazilian real. Share-based payments resulted in a credit to equity of EUR 111 million (including deferred tax), and exercise of staff options resulting in a credit to equity of EUR 143 million.

In 2005, the movements in net gains/(losses) not recognised in the income statement include the net movement in the reserve for available-for-sale assets consisting of net unrealised gains in available-for-sale assets of EUR 717 million, partly offset by the net realised gains reclassified to the income statement of EUR 348 million and the net movement in the cash flow hedge reserve consisting of the net unrealised losses on cash flow hedges of EUR 386 million and the realised gains reclassified to the income statement of EUR 126 million and exchange rate differences, amounting to a gain of EUR 1,080 million, of which EUR 92 million relates to the US dollar and EUR 659 million relates to the Brazilian real. Share-based payments resulted in a credit to equity of EUR 87 million (including deferred tax), and exercise of staff options resulted in a credit to equity of EUR 34 million.

The number of ordinary shares outstanding, minus treasury shares, at the end of 2006 decreased by 24.1 million to 1,853.8 million. This decrease was the result of a 32.8 million ordinary shares final stock dividend 2005 issued at an average price of EUR 21.30, 30.5 million ordinary shares 2006 interim dividend at an average price of EUR 23.40, 8.5 million shares due to exercise of staff options during 2006 and share buy-backs of 95.9 million ordinary shares.

The number of ordinary shares outstanding at the end of 2005 rose by 208.7 million to 1,877.9 million. This increase was the result of the private placement on 5 April 2005 of 135 million ordinary shares at EUR 18.65 and the issue of 10.3 million ordinary shares at EUR 19.66 on 20 June 2005, 32.3 million ordinary shares final stock dividend 2004 issued at an average price of EUR 18.50, 29.2 ordinary shares 2005 interim dividend at an average price of EUR 19.50 and 1.9 million shares due to exercise of staff options during 2005.

The EUR 367 million increase of minority interests in 2006 is explained by the currency translation loss of EUR 46 million, of which EUR 37 million relates to tier-1 capital ratio and a net addition of EUR 413 million.

The EUR 194 million increase of minority interests in 2005 is explained by the currency translation gain of EUR 133 million, of which EUR 68 million related to tier-1 capital ratio and a net addition of EUR 61 million.

The bank is able to raise funds by issuing subordinated liabilities. In 2006, subordinated liabilities increased by EUR 141 million (2005: EUR 2,385 million) to EUR 19,213 million (2005: EUR 19,072 million).

Issuances in 2006 amount to EUR 4,044 million and include GBP 750 million perpetual subordinated upper tier-2 notes issued on 17 February 2006 paying 5% fixed with a step-up from 17 February 2016, EUR 1.0 billion perpetual preference notes issued on 10 March 2006 and EUR 1.0 billion lower tier-2 Floating Rate Notes (three months Euribor) with a step-up on 14 September 2011 issued on 31 August 2006. Redemptions were EUR 4,430 million and include EUR 2.0 billion 6.5% perpetual subordinated upper tier-2 issued in 2001. The effect of foreign exchange rates decreased total subordinated liabilities by EUR 980 million. The cost and availability of subordinated liabilities finance are influenced by credit ratings. A reduction in these ratings could increase the cost and could reduce market access.

Issuances in 2005 amount to EUR 2,843 million and include EUR 1.5 billion Floating Rate Notes due 2015 issued in June 2005 and USD 1.5 billion Floating Rate Notes (LIBOR +0.20%) due 2015 and callable 2010. Redemptions were EUR 1,682 million and include USD 1.0 billion 7.25% notes 1995-2005 in May 2005 and the call of EUR 500 million Floating Rate Notes 2000-2010. The effect of foreign exchange rates increased total subordinated liabilities by EUR 1,199 million. The cost and availability of subordinated liabilities finance are influenced by credit ratings. A reduction in these ratings could increase the cost and could reduce market access.

At 31 December the credit ratings of ABN AMRO were as follows:

	2006		2005	
	Long term	Short term	Long term	Short term
Standard & Poor's	AA–	A-1+	AA–	A-1+
Moody's	Aa3	P-1	Aa3	P-1
Fitch	AA–	F1+	AA–	F1+
DBRS	AA	R-1	–	–

We apply capital adequacy ratios based on the Bank for International Settlements' guidelines and Dutch Central Bank directives. These ratios compare our capital with its assets and off-balance sheet exposure, weighted according to the relative risk involved. Capital is also set aside for market risk associated with our trading activities. We are continuously improving the relationship between our tier-1 capital and our risk-

weighted assets in order to ensure we maintain our AA- credit rating. The minimum tier-1 ratio required is 4% and the minimum total capital ratio is 8%. ABN AMRO comfortably meets these standards with a tier-1 ratio of 8.45% (2005: 10.62%), of which the core tier-1 ratio is 6.18% (2005: 8.47%), and a Bank for International Settlements total capital ratio of 11.14% (2005:13.14%) as at 31 December 2006.

The total capital base decreased by 7.7% (2005: increased by 32.2%) to EUR 31.3 billion (2005: EUR 33.9 billion) at 31 December 2006. Risk-weighted assets amounted to EUR 280.7 billion (2005: EUR 257.9 billion) at year-end 2006, an increase of EUR 22.9 billion (2005: EUR 26.2 billion), or 8.9%, (2005: 11.3%) from the end of the previous year. Securitisation programmes in 2006 increased by EUR 23.6 billion (2005: EUR 39.9 billion) to a total of EUR 89.1 billion (2005: EUR 65.5 billion).

The following table analyses our capital ratios at 31 December 2006, 2005 and 2004 in accordance with supervisory requirements under IFRS.

Capital ratios

(in millions of euros)	**2006**	2005	2004
Tier 1 capital	**23,720**	27,382	19,592
Tier 2 capital	**9,372**	9,851	7,433
Tier 3 capital	**272**	272	272
Supervisory deductions	**(2,089)**	(3,631)	(1,679)
Total capital base	**31,275**	33,874	25,618
Risk-weighted assets on balance	**209,134**	192,735	174,256
Off-balance	**67,489**	59,107	52,493
Market risks	**4,081**	6,012	4,873
Total risk-weighted assets	**280,704**	257,854	231,622
Tier 1 capital ratio	**8.45%**	10.62%	8.46%
Total capital ratio	**11.14%**	13.14%	11.06%

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Accounting policies

Corporate Information

ABN AMRO Holding N.V. is the ultimate parent company of the ABN AMRO consolidated group of companies (referred to as the 'Group' or 'ABN AMRO'). The Group provides a broad range of financial services on a worldwide basis, including consumer, commercial and investment banking.
At 1 January 2006, the Group changed its organisational structure, to align the organisation with the Group's mid-market strategy, and to open up its network offering and product suite to all its clients. The change to the organisational structure and the principal activities of the Group are described in more detail in note 1, Segment reporting.

ABN AMRO Holding N.V. is a public limited liability company, incorporated under Dutch law on 30 May 1990, whose registered office is Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands. The Group is listed on the Stock Exchanges of Amsterdam and New York. As ordinary shares in ABN AMRO Holding N.V. are listed on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts, ABN AMRO also publishes an annual report on Form 20-F that conforms to the rules of the Securities and Exchange Commission (SEC) applicable to foreign registrants. The annual report on Form 20-F includes a reconciliation of equity and profit attributable to shareholders of the parent company to the comparable amounts using accounting principles generally accepted in the United States (US GAAP).

The consolidated financial statements of the Group for the year ended 31 December 2006 incorporate figures of the parent, its controlled entities and interests in associates. These consolidated financial statements were authorised for issuance in accordance with a resolution of the Managing Board on 14 March 2007.

Basis of preparation

ABN AMRO Group applies International Financial Reporting Standards (IFRS).

The consolidated financial statements are prepared on a mixed model valuation basis as follows:

- Fair value is used for: derivative financial instruments, financial assets and liabilities held for trading or designated as measured at fair value through income, and available-for-sale financial assets
- Other financial assets (including 'Loans and Receivables') and liabilities are valued at amortised cost
- The carrying value of assets and liabilities measured at amortised cost included in a fair value hedge relationship is adjusted with respect to fair value changes resulting from the hedged risk
- Non-financial assets and liabilities are generally stated at historical cost.

The Group adopted IFRS on 1 January 2004. For all periods up to and including the year ended 31 December 2004, the Group prepared consolidated financial statements in accordance with Generally Accepted Principles in the Netherlands (Dutch GAAP). The effect of the transition to IFRS, and the elections and exemptions which where used as part of the transition process, are disclosed in note 47, First-time adoption of IFRS.

The consolidated financial statements are presented in euros, which is the presentation currency of the Group, rounded to the nearest million (unless otherwise noted). Certain amounts in the prior periods have been reclassified to conform to the current presentation.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The Group does not utilise the portfolio hedging 'carve out' permitted by the EU. Accordingly, the accounting policies applied by the Group comply fully with IFRS.

Critical accounting policies

The preparation of financial statements in conformity with IFRS requires management

to make difficult, complex or subjective judgements and estimates, at times, regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures. Actual results could differ from those judgements and estimates. The most significant areas requiring management to make judgements and estimates that affect reported amounts and disclosures are as follows:

Allowance for loan losses

Allowances for loan losses are made to reserve for estimated losses in outstanding loans for which there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowance for loan losses is intended to adjust the value of the Group's loan assets for probable credit losses as of the balance sheet date. Allowances are determined through a combination of specific reviews, statistical modeling and estimates. Certain aspects require judgements, such as the identification of loans that are deteriorating, the determination of the probability of default, the expected loss, the value of collateral and current economic conditions. Though we consider the allowances for loan losses to be adequate, the use of different estimates and assumptions could produce different allowances for loan losses, and amendments to allowances may be required in the future, as a consequence of changes in the value of collateral, the amounts of cash to be received or other economic events. For a further discussion on our allowance for loan losses, see note 19 to our consolidated financial statements.

Fair value of financial instruments

For financial instruments that are actively traded and have quoted market prices or parameters readily available, there is little to no subjectivity to determine fair value. When observable market prices and parameters do not exist, management judgement is necessary to estimate fair value.

Where no active market exists, or quoted prices are unobtainable, the fair value is estimated using a variety of valuation techniques, including discounted cash flow and other pricing models. Input to pricing models are generally taken from reliable external data sources. The models used are validated prior to use by staff independent to the initial selection or creation of the model. The degree of management judgement involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market parameters. Other factors that could affect estimates are incorrect model assumptions, market dislocations and unexpected correlation. We believe our estimates of fair value are adequate. However, the use of different models or assumptions could result in changes in our reported results. For a further discussion on the use of fair values and the impact of applying reasonable possible alternative assumptions as inputs, see note 38 to our consolidated financial statements.

Assessment of risk and rewards

When considering the recognition and derecognition of assets or liabilities, and the consolidation and deconsolidation of subsidiaries, the Group is required to use judgment in assessing risk and rewards. Although management uses its best knowledge of current events and actions in making assessments of risk and rewards, actual risks and rewards may ultimately differ.

Pension and post-retirement benefits

Significant pension and post-retirement benefit costs and credits are based on actuarial calculations. Inherent within these calculations are assumptions including: discount rates, salary increases and the expected return on plan assets. Changes in pension and post-retirement costs may occur in the future as a consequence of changes in interest rates, the return on assets or other factors. For a further discussion on the underlying assumptions, see note 28 to our consolidated financial statements.

Goodwill and intangible assets

Goodwill is not amortised but is subject to an annual test for impairment or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test. The initial recognition and measurement of goodwill and other intangibles, and subsequent impairment analysis, requires management to make subjective judgements concerning estimates of how the acquired asset will perform in the future using a discounted cash flow analysis. Additionally, estimated cash flows may extend beyond ten years and, by their nature, are difficult to determine over an extended timeframe. Events and factors that may significantly affect the estimates include, among others, competitive forces, customer behaviours and attrition, changes in revenue growth trends, cost structures and technology, and changes in discount rates and specific industry or market sector conditions. Other intangibles are systematically amortised over their estimated useful lives, and are subject to impairment if events or circumstances indicate a possible inability to realise their carrying amount.

Basis of consolidation

The consolidated financial statements are prepared annually for the Group for the year ended 31 December and include the parent company and its controlled subsidiaries as well as joint ventures on a proportionate share basis. The financial statements of the subsidiaries are prepared for the same reporting year using consistent accounting policies.

Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control is deemed to exist when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are presently exercisable or convertible are taken into account when assessing whether control exists. The Group sponsors the formation of entities, including certain special purpose entities, which may or may not be directly owned, for the purpose of asset securitisation transactions and other narrow and well-defined objectives. Particularly in the case of securitisations these entities may acquire assets from other Group companies. Some of these entities hold assets that are not available to meet the claims of creditors of the Group or any of its subsidiaries. Such entities are consolidated in the Group's financial statements when the substance of the relationship between the Group and the entity indicates that control is held by the Group.

The financial statements of subsidiaries and special purpose entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Equity attributable to minority interests is shown separately in the consolidated balance sheet as part of total equity and current period profit or loss attributable to minority interests are presented as an attribution of profit for the year.

Business combinations

IFRS 3 'Business combinations' was adopted for all business combinations that took place after 1 January 2004. Goodwill on acquisitions prior to this date was charged against equity. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets (including certain contingent liabilities) acquired is recorded as goodwill.

In a step acquisition, where control is obtained in stages, all assets and liabilities of the acquired subsidiary, excluding goodwill, are adjusted to their fair values at the date of the latest share acquisition transaction. Fair value adjustments relating to

existing holdings are recorded directly in equity.

As a consequence of measuring all the acquired assets and liabilities at fair value, minority interests are calculated by reference to these fair values.

Investments in associates

Associates are those enterprises in which the Group has significant influence (this is generally demonstrated when the Group holds between 20% and 50% of the voting rights), but not control, over the operating and financial policies.

If significant influence is held in a Private Equity portfolio the investment is designated to be held at fair value with changes through income, consistent with the management basis for such investments.

Other investments in which significant influence is held, including the Group's strategic investments, are accounted for using the 'Net equity method' and presented as 'Equity accounted investments'. Under this method the investment is initially recorded at cost and subsequently increased (or decreased) for post acquisition net income (or loss), other movements impacting the equity of the investee and any adjustments required for impairment. When the Group's share of losses exceeds the carrying amount of the investment, the carrying amount is reduced to zero, including any other unsecured receivables, and recognition of further losses is discontinued except to the extent that the Group has incurred obligations or made payments on behalf of the investee.

Jointly controlled entities

Jointly controlled entities are those enterprises over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of these enterprises' assets, liabilities, equity, income and expenses on a line-by-line basis, from the date on which joint control commences until the date on which joint control ceases.

Non-current assets held for sale and discontinued operations

Non-current assets and/or businesses are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction planned to occur within 12 months, rather than through continuing use. Held for sale assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities of a business held for sale are separately presented.

The results of discontinued operations (an operation that represents a separate major line of business or a geographical area of operation) are presented in the income statement as a single amount comprising the net profit and/or net loss of the discontinued operation and the after tax gain or loss realised on disposal. Comparative income statement data is re-presented if in the current period an activity qualifies as discontinuing and qualifies for separate presentation.

Private equity

Investments of a private equity nature controlled by the Group are consolidated. All other investments of a private equity nature are designated at fair value through income.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any related unrealised gains, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the enterprise. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

Summary of significant accounting policies

Currency translation differences

The financial performance of the Group'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.

Transactions in a currency that differs from the functional currency of the transacting entity are translated into the functional currency at the foreign exchange rate at transaction date. Accruals and deferrals are translated using the foreign exchange rate on the last day of the month to which the results relate. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities accounted for at cost, if denominated in foreign currency, are translated at the foreign exchange rate prevailing at the date of initial recognition.

Currency translation differences on all monetary financial assets and liabilities are included in foreign exchange gains and losses in income. Translation differences on non-monetary items (such as equities) held at fair value through income are also reported through income and, for those classified as available-for-sale, directly in equity within 'Net unrealised gains and losses on available-for-sale assets'.

The assets and liabilities of foreign operations, including goodwill and purchase accounting adjustments, are translated to the Group's presentation currency, the euro, at the foreign exchange rates prevailing at the balance sheet date. The income and expenses of foreign operations are translated to the euro at the rates prevailing at the end of the month. Currency translation differences arising on these translations are recognised directly in equity ('currency translation account'). Exchange differences recorded in equity, arising after transition to IFRS on 1 January 2004, are included in the income statement on disposal or partial disposal of the operation.

Fiduciary activities

The Group commonly acts as trustee and in other fiduciary capacities that entail either the holding or placing of assets on behalf of individuals, trusts or other institutions. These assets are not assets of the Group and are therefore not included in these financial statements.

Income statement

Interest income and expenses

Interest income and expense is recognised in the income statement using the effective interest rate method. The application of this method includes the amortisation of any discount or premium or other differences, including transaction costs and qualifying fees and commissions, between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. This item also includes interest income and expense in relation to trading balances.

Fee and commission income

Fees and commissions are recognised as follows:

- Fees and commissions generated as an integral part of negotiating and arranging a funding transaction with customers, such as the issuance of loans are included in the calculation of the effective interest rate and are included in interest income and expense
- Fees and commissions generated for transactions or discrete acts are recognised when the transaction or act is completed
- Fees and commissions dependent on the outcome of a particular event or contingent upon performance are recognised when the relevant criteria have been met
- Service fees are typically recognised on a straight-line basis over the service contract period; portfolio and other management advisory and service fees are recognised based on the applicable service contracts

- Asset management fees related to investment funds are also recognised over the period the service is provided. This principle is also applied to the recognition of income from wealth management, financial planning and custody services that are provided over an extended period.

Net trading income

Net trading income includes gains and losses arising from changes in the fair value and disposal of financial assets and liabilities held for trading and includes dividends received from trading instruments. Interest income or expenses on trading assets or liabilities are included within interest income or expense.

Results from financial transactions

Results from financial transactions include gains and losses on the sale of non-trading financial assets and liabilities, ineffectiveness of certain hedging programmes, the change in fair value of derivatives used to hedge credit risks that are not included in hedge accounting relationships, fair value changes relating to assets and liabilities designated at fair value through income and changes in the value of any related derivatives. Dividend income from non-trading equity investments is recognised when entitlement is established.

Other operating income

Development property income is first recognised when the outcome of a construction contract can be estimated reliably after which contract income and expenses are recognised in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to the phases of work performed. An expected loss on a contract is recognised immediately in the income statement.

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Income from insurance activities is presented net of direct costs and provisions required for the insured risk.

Earnings per share

Earnings per share is calculated by dividing the profit attributable to shareholders of the parent company from continuing and discontinuing operations by the average number of shares in issuance during the year. Fully diluted earnings per share is calculated taking into account all dilutive instruments, including options and employee share plans, in issuance at the balance sheet date.

Segment reporting

Business segments are the primary reporting segments and are grouped by the nature of risks and rewards assessed by reference to product and service characteristics. Geographical segments are grouped based on a combination of proximity, relationships between operations and economic and currency similarities. Geographical data is presented according to the location of the transacting Group entity.

Financial assets and liabilities

Measurement classifications

The Group classifies its financial assets and liabilities into the following measurement ('valuation') categories:

Financial instruments held for trading are those that the Group holds primarily for the purpose of short-term profit-taking. These include shares, interest earning securities, and liabilities from short sales of financial instruments.

Derivatives are financial instruments that require little or no initial net investment, with future settlements dependent on a reference benchmark index, rate or price (such as interest rates or equity prices). Changes in expected future cash flows in response to changes in the underlying benchmark determine the fair value of derivatives. All derivatives are recorded in the balance sheet at fair value. Changes in the fair value of derivative instruments are recorded in

income, except when designated in cash flow or net investment hedge relationship (see hedging below).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They generally arise when the Group provides money or services directly to a customer with no intention of trading or selling the loan.

Held-to-maturity assets are non-derivative financial assets quoted on an active market with fixed or determinable payments (i.e. debt instruments) and a fixed maturity that the Group has the intention and ability to hold to maturity.

Designated at fair value through income are financial assets and financial liabilities that the Group upon initial recognition (or on transition to IFRS on 1 January 2004) designates to be measured at fair value with changes reported in income. Such a designation is done if:

- The instrument includes an embedded derivative that would otherwise require separation. This applies to certain structured notes issued with hybrid features. Fair value measurement also helps to achieve offset against changes in the value of derivatives and other fair value positions used to economically hedge these notes.
- The designation eliminates or significantly reduce a measurement inconsistency that would otherwise arise. In this regard unit-linked investments held for the account and risk of policyholders and the related obligation to policyholders are designated at fair value with changes through income.
- It relates to a portfolio of financial assets and/or liabilities that are managed and evaluated on a fair value basis. This is applied to equity investments of a private equity nature and mortgages that are originated held for sale by our business in North America.

Available-for-sale assets include interest earning assets that have either been designated as available for sale or do not fit into one of the categories described above. Equity investments held without significant influence, which are not held for trading or elected to fair value through income are classified as available-for-sale.

Non-trading financial liabilities that are not designated at fair value through income are measured at amortised cost.

Recognition and derecognition

Traded instruments are recognised on trade date, defined as the date on which the Group commits to purchase or sell the underlying instrument. Where settlement terms are non-standard the commitment is accounted for as a derivative between trade and settlement date. Loans and receivables are recognised when they are acquired or funded by the Group and derecognised when settled. Issued debt is recognised when issued and deposits are recognised when the cash is deposited with the Group. Other financial assets and liabilities, including derivatives, are recognised in the balance sheet when the Group becomes party to the contractual provisions of the asset or liability.

Financial assets are generally derecognised when the Group loses control or the ability to obtain benefits over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are fully transferred. If a servicing function is retained, which is profitable, a servicing asset is recognised. A financial liability is derecognised when the obligations specified in the contract are discharged, are cancelled or expire.

Financial instruments continue to be recognised in the balance sheet, and a liability recognised for the proceeds of any related funding transaction, unless a fully proportional share of all or specifically identified cash flows are transferable to the lender without material delay and the lenders claim is limited to those cash flows, in which case that proportion of the asset is derecognised, or substantially all the risks

and returns and control associated with the financial instruments have been transferred in which case the assets are derecognised in full.

The Group derecognises financial liabilities when settled or if the Group repurchases its own debt. The difference between the former carrying amount and the consideration paid is included in results on financial transactions in income. Any subsequent resale is treated as a new issuance.

The Group securitises various consumer and commercial financial assets. This process generally necessitates a sale of these assets to a special purpose entity (SPE), which in turn issues securities to investors. The Group's interests in securitised assets may be retained in the form of senior or subordinated tranches, issued guarantees, interest-only strips or other residual interests, together referred to as retained interest. In many cases these retained interests are significant, such that the SPE is consolidated, and the securitised assets continue to be recognised in the consolidated balance sheet.

Measurement

All trading instruments and financial assets and liabilities designated at fair value are measured at fair value, with transaction costs related to the purchase as well as fair value changes taken to income directly.

All derivatives are recorded in the balance sheet at fair value with changes recorded through income unless the derivative qualifies for cash flow hedging accounting.

Available-for-sale assets are held at fair value with unrealised gains and losses recognised directly in equity, net of applicable taxes. Premiums, discounts and qualifying transaction costs of interest earning available-for-sale assets are amortised to income on an effective interest rate basis. When available-for-sale assets are sold, collected or impaired the cumulative gain or loss recognised in equity is transferred to results from financial transactions in income.

All other financial assets and liabilities are initially measured at cost including directly attributable incremental transaction costs. They are subsequently valued at amortised cost using the effective interest rate method. Through use of the effective interest rate method, premiums and discounts, including qualifying transaction costs, included in the carrying amount of the related instrument are amortised over the period to maturity or expected prepayment on the basis of the instrument's original effective interest rate.

When available, fair values are obtained from quoted market prices in liquid markets. Where no active market exists, or quoted prices are unobtainable, the fair value is estimated using a variety of valuation techniques – including discounted cash flow and other pricing models. Inputs to pricing models are generally market-based when available and taken from reliable external data sources. The models used are validated prior to the use for financial reporting by staff independent of the initial selection or creation of the model. Where inputs cannot be reliably sourced from external providers, the initial recognition value of a financial asset or liability is taken to be the settled value at trade inception. The initial change in fair value indicated by the valuation technique is then released to income at appropriate points over the life of the instrument (typically taking account of the ability to obtain reliable external data, the passage of time and the use of offsetting transactions). Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate applied is a market-related rate at the balance sheet date for an instrument with similar terms and conditions Fair values include appropriate adjustments to reflect the credit quality of the instrument.

Professional securities transactions

Securities borrowing and securities lending transactions are generally entered into on a collateralised basis, with securities usually advanced or received as collateral. The

transfer of the securities themselves is not reflected on the balance sheet unless the risks and rewards of ownership are also transferred. If cash is advanced or received, securities borrowing and lending activities are recorded at the amount of cash advanced (included in loans and receivables) or received (due to banks or customers). The market value of the securities borrowed and lent is monitored on a daily basis, and the collateral levels are adjusted in accordance with the underlying transactions. Fees and interest received or paid are recognised on an effective interest basis and recorded as interest income or interest expense.

Sale and repurchase transactions involve purchases (sales) of investments with agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans and receivables to either banks or customers. The receivables are shown as collateralised by the underlying security. Investments sold under repurchase agreements continue to be recognised in the balance sheet. The proceeds from the sale of the investments are reported as liabilities to either banks or customers. The difference between the sale and repurchase price is recognised over the period of the transaction and recorded as interest income or interest expense.

Netting and collateral

The Group enters into master netting arrangements with counterparties wherever possible, and when appropriate, obtains collateral. If the Group has the right on the grounds of either legal or contractual provisions and the intention to settle financial assets and liabilities net or simultaneously, these are offset and the net amount is reported in the balance sheet. Due to differences in the timing of actual cash flows, derivatives with positive and negative fair values are generally not netted, even if they are held with the same counterparty.

Hedge accounting

The Group uses derivative instruments to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions. The Group applies fair value, cash flow or net investment hedging to qualifying transactions that are documented as such at inception.

The hedged item can be an asset, liability, highly probable forecasted transaction or net investment in a foreign operation that (a) exposes the entity to risk of changes in fair value or future cash flows and (b) is designated as being hedged. The risk being hedged (the 'hedged risk') is typically changes in interest rates or foreign currency rates. The Group also enters into credit risk derivatives (sometimes referred to as 'credit default swaps') for managing portfolio credit risk. However these are generally not included in hedge accounting relationships.

Both at the inception of the hedge and on an ongoing basis, the Group formally assesses whether the derivatives used in its hedging transactions have been highly effective in offsetting changes in the fair value or cash flows of the hedged item, by assessing and measuring whether changes in the fair value or cash flows of the hedged item are offset by the changes in the fair value or cash flows of the hedging instrument, within the range of 80% to 125%.

Hedge ineffectiveness represents the amount by which the changes in the fair value of the derivative differ from changes in the fair value of the hedged item in a fair value hedge, or the amount by which the changes in the fair value of the derivative are in excess of the fair value change of the expected cash flow in a cash flow hedge. Hedge ineffectiveness and gains and losses on components of a derivative that are excluded from the assessment of hedge effectiveness are recorded directly in income.

The Group discontinues hedge accounting when the hedge relationship has ceased to be effective or is no longer expected to be

effective, or when the derivative or hedged item is sold or otherwise terminated.

Fair value hedges

Where a derivative financial instrument hedges the exposure to changes in the fair value of recognised or committed assets or liabilities, the hedged item is adjusted in relation to the risk being hedged. Gains or losses on remeasurement of both the hedging instrument and the hedged item are recognised in the income statement, typically within results from financial transactions. For hedges of mortgage service rights any hedging ineffectiveness is recorded in other income.

When a fair value hedge of interest rate risk is terminated, any fair value adjustment to the carrying amount of the hedged asset or liability is amortised to income over the original designated hedging period or taken directly to income if the hedged item is sold, settled or impaired.

Cash flow hedges

When a derivative financial instrument hedges the exposure to variability in the cash flows from recognised assets, liabilities or anticipated transactions, the effective part of any gain or loss on remeasurement of the hedging instrument is recognised directly in equity. When a cash flow hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity.

The cumulative gain or loss recognised in equity is transferred to the income statement at the time when the hedged transaction affects net profit or loss and included in the same line item as the hedged transaction. In the exceptional case that the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in the income statement immediately.

Hedge of a net investment in a foreign operation

The Group uses foreign currency derivatives and currency borrowings to hedge various net investments in foreign operations. For such hedges, currency translation differences arising on translation of the currency of these instruments to euro are recognised directly in the currency translation account in equity, insofar as they are effective.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets is impaired. A financial asset or portfolio of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that event adversely impacts estimated future cash flows of the financial asset or the portfolio.

Loans and receivables

An indication that a loan may be impaired is obtained through the Group's credit review processes, which include monitoring customer payments and regular loan reviews at least every 6 or 12 months depending on the obligors' creditworthiness.

The Group 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 the Group determines that no objective evidence of impairment exists for an individually assessed loan, it includes the asset in a portfolio of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans that are evaluated individually for impairment are not included in a collective assessment of impairment.

Indications that there is a measurable decrease in estimated future cash flows from a portfolio of loans, although the decrease cannot yet be identified with the individual loans in the portfolio, include adverse

changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults in the portfolio.

The amount of impairment loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The amount of the loss is recognised using an allowance account and the amount of the loss is included in the income statement line loan impairment and other credit risk provisions.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that are likely to result from foreclosure less costs for obtaining and selling the collateral.

Future cash flows of a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans in the portfolio and historical loss experience for loans with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the historical data and to remove the effects of conditions in the historical data that do not currently exist.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The impact of changes in estimates and recoveries is recorded in the income statement line loan impairment and other credit risk provisions.

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

Other financial assets

In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the income statement within results on financial transactions.

Held to maturity and available-for-sale debt investments are assessed and any impairment is measured on an individual basis, consistent with the methodology applied to loans and receivables.

Property and equipment

Own use assets

Property and equipment is stated at cost less accumulated depreciation and any amount for impairment. If an item of property and equipment is comprised of several major components with different useful lives, each component is accounted for separately. Additions and subsequent expenditures (including accrued interest) are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the asset. Expenditure incurred to replace a component of an asset is separately capitalised and the replaced component is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefit of the item of property and equipment. All other expenditure, including maintenance, is recognised in the income statement as incurred. When an item of property and equipment is retired or disposed, the difference between the carrying amount and

the disposal proceeds net of costs is recognised in other operating income.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property and equipment, and major components that are accounted for separately. The Group generally uses the following estimated useful lives:

- Land not depreciated
- Buildings 25 to 50 years
- Equipment 5 to 12 years
- Computer installations 2 to 5 years.

Software, presented as an intangible asset, is amortised over 3-7 years.

Depreciation rates and residual values are reviewed at least annually to take into account any change in circumstances. Capitalised leasehold improvements are depreciated in a manner that takes into account the term and renewal conditions of the related lease.

Development property

The majority of the Group's development and construction activities are undertaken for immediate sale or as part of a pre-agreed contractual arrangement. Property developed under a pre-agreed contractual arrangement is stated at cost plus profit recognisable to date less a provision for any foreseeable losses and less progress billings. Cost includes all expenditure (including accrued interest) related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. The specific components of development property are accounted for as follows.

Building and development sites are carried at cost including allocated interest and additional expenses for purchasing the site and making them ready for development. No interest is allocated to land which has not been zoned for a particular purpose, if there is no certainty that the land will be built on. Any provision deemed necessary for expected losses on sale is deducted from the carrying value of the site.

Work in progress relates to commercial property projects, as well as to unsold residential property under construction or preparation. Work in progress is carried at the costs incurred plus allocated interest and net of any provisions as required. Progress instalments invoiced to buyers and principals are deducted from work in progress. The profit and loss is recognised in accordance with the percentage of completion method. Until sold, commercial and residential developments are carried at cost of production net of any required provisions. If a decision is taken to retain an unsold property it is classified as investment property.

Investment property

Investment property is carried at fair value based on current market prices for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit and loss. Rental income from investment property is recognised on a straight-line basis over the term of the lease, with lease incentives granted recognised as an integral part of the rental income.

Leasing

As *lessee:* most of the leases that the Group has entered into are classified as operating leases (including property rental). The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense. When it is anticipated that an operating lease will be terminated or vacated before the lease period has expired, the lesser of any penalty payments required and the remaining payments due once vacated (less sub-leasing income) is recognised as an expense.

As *lessor:* assets subject to operational leases are included in property and

equipment. The asset is depreciated on a straight-line basis over its useful life to its estimated residual value. Leases where the Group transfers substantially all the risks and rewards resulting from ownership of an asset to the lessee are classified as finance leases. A receivable at an amount equal to the present value of the lease payments, using the implicit interest rate, including any guaranteed residual value, is recognised. Finance lease receivables are included in loans and receivables to customers.

Intangible assets

Goodwill

Goodwill is capitalised and represents the excess of the cost of an acquisition over the fair value of the Group's share of the acquired entity's net identifiable assets at the date of acquisition. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. Any change in the assessed fair value of acquired assets and liabilities at the time of acquisition identified within one year following the acquisition are corrected against goodwill. Any revisions identified after one year are recorded in income.

Goodwill on the acquisition of equity accounted investments is included in the carrying amount of the investment.

Gains and losses on the disposal of an entity, including equity accounted investments, are determined as the difference between the sale proceeds and the carrying amount of the entity including related goodwill and any currency translation differences recorded in equity.

Software

Costs that are directly associated with identifiable and software products that are controlled by the Group, and likely to generate future economic benefits exceeding these costs, are recognised as intangible assets. Direct costs include staff costs of the software development team. Expenditure that enhances or extends the performance of computer software beyond its original specification is recognised as a capital improvement and added to the original cost of the software. Software is amortised over 3-7 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Mortgage servicing rights

Mortgage servicing rights (MSRs) represent the right to a stream of fee-based cash flows and an obligation to perform specified mortgage servicing activities. MSRs are initially recorded at fair value and amortised over the estimated future net servicing income stream of the underlying mortgages. The duration of the income stream relating to these servicing rights is dependent on the pre-payment behaviour of the customer, which is influenced by a number of factors including interest rate expectations. MSR assets are subject to hedging under a fair value hedge programme designed to limit the Group's exposure to changes in the fair value of the MSR. The change in the fair value of the hedged MSRs and the change in the fair value of the hedging derivatives are included as part of mortgage banking income within other operating income.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and any adjustment for impairment losses. Other intangible assets are comprised of separately identifiable items arising from acquisition of subsidiaries, such as customer relationships, and certain purchased trademarks and similar items. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset.

Impairment of property and equipment and intangible assets

Property and equipment and intangibles are assessed at each balance sheet date or more frequently, to determine whether there is any

indication of impairment. If any such indication exists, the assets are subject to an impairment review. Regardless of any indications of potential impairment, the carrying amount of goodwill is subject to a detailed impairment review at least annually.

An impairment loss is recognised whenever the carrying amount of an asset that generates largely independent cash flows or the cash-generating unit to which it belongs exceeds its recoverable amount. The recoverable amount of an asset is the greater of its net selling price and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. When conducting impairment reviews, particularly for goodwill, cash-generating units are the lowest level at which management monitors the return on investment on assets.

Impairment losses are recognised in the income statement as a component of depreciation and amortisation expense. An impairment loss with respect to goodwill is not reversible. Other impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

Pension and other post-retirement benefits

For employees in the Netherlands and the majority of staff employed outside the Netherlands, pension or other retirement plans have been established in accordance with the regulations and practices of the countries in question. Separate pension funds or third parties administer most of these plans. The plans include both defined contribution plans and defined benefit plans.

Defined contribution plans

In the case of defined contribution plans, contributions are charged directly to the income statement in the year to which they relate.

Defined benefit plans

The net obligations under defined benefit plans are regarded as the Group's own commitments regardless of whether these are administered by a pension fund or in some other manner. The net obligation of each plan is determined as the difference between the benefit obligations and the plan assets. Defined benefit plan pension commitments are calculated in accordance with the projected unit credit method of actuarial cost allocation. Under this method, the present value of pension commitments is determined on the basis of the number of active years of service up to the balance sheet date and the estimated employee salary at the time of the expected retirement date, and is discounted using the market rate of interest on high-quality corporate bonds. The plan assets are measured at fair value.

Pension costs for the year are established at the beginning of the year based on the expected service and interest costs and the expected return on the plan assets, plus the impact of any current period curtailments or plan changes. Differences between the expected and the actual return on plan assets, as well as actuarial gains and losses, are only recognised as income or expense when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting year exceed 10% of the greater of the commitments under the plan and the fair value of the related plan assets. The part that exceeds 10% is recognised in income over the expected remaining years of service of the employees participating in the plans. Differences between the pension costs determined in this way and the contributions payable are accounted for as provisions or prepayments. Commitments relating to early retirement of employees are treated as pension commitments.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the

extent that the benefits vest immediately, the past service cost is recognised immediately in the income statement.

Other post-retirement benefits

The Group's net obligation with respect to long-term service benefits and post-retirement healthcare is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using the projected unit credit method. It is then discounted to its present value and the fair value of any related assets is deducted.

Share-based payments to employees

The Group engages in equity and cash settled share-based payment transactions in respect of services received from certain of its employees. The cost of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost related to the shares or share options granted is recognised in the income statement over the period that the services of the employees are received, which is the vesting period, with a corresponding credit in equity for equity settled schemes and a credit in liabilities for cash settled schemes.

The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk free interest rate, the volatility of the ABN AMRO share price over the life of the option and the terms and conditions of the grant. Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services, so that ultimately the amount cumulatively recognised in the income statement shall reflect the number of shares or share options that eventually vest. Where vesting conditions are related to market conditions, these are fully reflected in the fair value initially determined at grant date and as a result, the charges for the services received are recognised regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when an obligation exists. An obligation exists when the Group has approved a detailed plan and has raised a valid expectation in those affected by the plan by starting to implement the plan or by announcing its main features. Future operating costs are not provided for.

Provisions for insurance risks are determined by actuarial methods, which include the use of statistics, interest rate data and settlement costs expectations.

Other liabilities

Obligations to policyholders, whose return is dependent on the return of unit linked investments recognised in the balance sheet, are measured at fair value with changes through income.

Income taxes – current and deferred

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The future tax benefit of income tax losses available for carry forward is recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax is recognised for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The most significant temporary differences arise from the revaluation of certain financial assets and liabilities including derivative contracts, allowances for loan impairment, provisions for pensions and business combinations. The following differences are not provided for: capitalised goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates, to the extent that they will probably not reverse in the foreseeable future and the timing of such reversals is controlled by the Group. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and liability simultaneously.

Issued debt and equity securities

Issued debt securities are recorded on an amortised cost basis using the effective interest rate method, unless they are of a hybrid/structured nature and designated to be held at fair value through income.

Issued financial instruments or their components are classified as liabilities where the substance of the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset or to satisfy the obligation other than by the exchange of a fixed number of equity shares. Preference shares that carry a non-discretionary coupon or are redeemable on a specific date or at the option of the holder are classified as liabilities. The dividends and fees on preference shares classified as a liability are recognised as interest expense.

Issued financial instruments, or their components, are classified as equity when they do not qualify as a liability and represent a residual interest in the assets of the Group. Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary. The components of issued financial instruments that contain both liability and equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the instrument's initial value the fair value of the liability component.

Dividends on ordinary shares and preference shares classified as equity are recognised as a distribution of equity in the period in which they are approved by shareholders.

Share capital

Incremental external costs directly attributable to the issue of new shares are deducted from equity net of any related income taxes.
When share capital recognised as equity is repurchased, the amount of the consideration paid, including incremental directly attributable costs net of income taxes, is recognised as a change in equity.
Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received is added to shareholders' equity.

Other equity components

Currency translation account

The currency translation account is comprised of all currency differences arising from the translation of the financial statements of foreign operations net of the translation impact on liabilities or foreign

exchange derivatives held to hedge the Group's net investment. These currency differences are included in income on disposal or partial disposal of the operation.

Cash flow hedging reserve

The cash flow hedging reserve is comprised of the effective portion of the cumulative change in the fair value of cash flow hedging derivatives, net of taxes, where the hedged transaction has not yet occurred.

Net unrealised gains and losses on available-for-sale assets

In this component, gains and losses arising from a change in the fair value of available-for-sale assets are recognised, net of taxes. When the relevant assets are sold, impaired or otherwise disposed of, the related cumulative gain or loss recognised in equity is transferred to the income statement.

Collectively, the cash flow hedging reserve and the available-for-sale reserve are sometimes referred to as special components of equity.

Cash flow statement

Cash and cash equivalents for the purpose of the cash flow statement include cash in hand, deposits available on demand with central banks and net credit balances on current accounts with other banks.

The cash flow statement, based on the indirect method of calculation, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations, including banking activities, investment activities and financing activities. Movements in loans and receivables and inter-bank deposits are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as investments in and sales of subsidiaries and associates, property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. Movements due to currency translation differences as well as the effects of the consolidation of acquisitions, where of material significance, are eliminated from the cash flow figures.

Future changes in accounting policies

IFRS standards not yet effective

IFRS 7 was issued in August 2005 and is effective for annual reporting periods beginning on or after 1 January 2007. It requires entities to provide additional disclosures on financial instruments within their financial statements but does not change the recognition and measurement rules of these financial instruments.

IFRS 8 was issued in November 2006 and is effective for annual reporting periods beginning on or after 1 January 2009. The standard replaces IAS 14 'Segment Reporting' in setting out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The Group plans to adopt IFRS 8 in 2007.

IFRIC Interpretations not yet effective

IFRIC interpretation 8 'Scope of IFRS 2' was issued in January 2006 and is required to be applied for financial years beginning on or after 1 May 2006. It requires IFRS '2 Share-based Payment' to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value. As equity instruments are only issued to employees in accordance with the employee share scheme, the interpretation has no impact on the financial position or results of the Group.

IFRIC interpretation 9 'Reassessment of Embedded Derivatives' was issued in March 2006 and becomes effective for financial years beginning on or after 1 June 2006. This interpretation establishes that the date to

assess the existence of an embedded derivative is the date an entity first becomes a party to the contract with reassessment only if there is a change to the contract that significantly modifies the cash flows. This interpretation is consistent with our accounting policies and thus will have no impact on the Group's financial statements when implemented in 2007.

IFRIC interpretation 10 'Interim Financial Reporting & Impairment' was issued in July 2006 and becomes effective for financial years beginning on or after 1 November 2006. It states that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The adoption of this interpretation will have no impact on the financial position or results of the Group.

IFRIC interpretation 11 'Group & Treasury Share Transactions' was issued in November 2006 and becomes effective for financial years beginning on or after 1 March 2007. The interpretation provides further guidance on the implementation of IFRS 2 'Share-based Payment'. The Group is still evaluating the effect of this interpretation for implementation in 2008.

Consolidated income statement for the year ended 31 December

(in millions of euros)	**2006**	2005	2004
Interest income	**37,698**	29,645	24,528
Interest expense	**27,123**	20,860	16,003
Net interest income 3	**10,575**	8,785	8,525
Fee and commission income	**7,127**	5,572	5,185
Fee and commission expense	**1,065**	881	700
Net fee and commission income 4	**6,062**	4,691	4,485
Net trading income 5	**2,979**	2,621	1,309
Results from financial transactions 6	**1,087**	1,281	905
Share of result in equity accounted investments 20	**243**	263	206
Other operating income 7	**1,382**	1,056	745
Income of consolidated private equity holdings 41	**5,313**	3,637	2,616
Operating income	**27,641**	22,334	18,791
Personnel expenses 8	**8,641**	7,225	7,550
General and administrative expenses 9	**7,057**	5,553	4,747
Depreciation and amortisation 10	**1,331**	1,004	1,218
Goods and materials of consolidated private equity holdings 41	**3,684**	2,519	1,665
Operating expenses	**20,713**	16,301	15,180
Loan impairment and other credit risk provisions 19	**1,855**	635	607
Total expenses	**22,568**	16,936	15,787
Operating profit before tax	**5,073**	5,398	3,004
Income tax expense 12	**902**	1,142	715
Profit from continuing operations	**4,171**	4,256	2,289
Profit from discontinued operations net of tax 45	**609**	187	1,651
Profit for the year	**4,780**	4,443	3,940
Attributable to:			
Shareholders of the parent company	**4,715**	4,382	3,865
Minority interests	**65**	61	75
Earnings per share attributable to the shareholders of the parent company *(in euros)* 13			
From continuing operations			
Basic	**2.18**	2.33	1.34
Diluted	**2.17**	2.32	1.34
From continuing and discontinued operations			
Basic	**2.50**	2.43	2.33
Diluted	**2.49**	2.42	2.33

Numbers stated against items refer to the notes. The notes to the consolidated financial statements are an integral part of these statements.

Consolidated balance sheet at 31 December

(in millions of euros)	2006	2005
Assets		
Cash and balances at central banks **14**	**12,317**	16,657
Financial assets held for trading **15**	**205,736**	202,055
Financial investments **16**	**125,381**	123,774
Loans and receivables – banks **17**	**134,819**	108,635
Loans and receivables – customers **18**	**443,255**	380,248
Equity accounted investments **20**	**1,527**	2,993
Property and equipment **21**	**6,270**	8,110
Goodwill and other intangible assets **22**	**9,407**	5,168
Assets of businesses held for sale **45**	**11,850**	–
Accrued income and prepaid expenses	**9,290**	7,614
Other assets **23**	**27,212**	25,550
Total assets	**987,064**	880,804
Liabilities		
Financial liabilities held for trading **15**	**145,364**	148,588
Due to banks **24**	**187,989**	167,821
Due to customers **25**	**362,383**	317,083
Issued debt securities **26**	**202,046**	170,619
Provisions **27**	**7,850**	6,411
Liabilities of businesses held for sale **45**	**3,707**	–
Accrued expenses and deferred income	**10,640**	8,335
Other liabilities **29**	**21,977**	18,723
Total liabilities (excluding subordinated liabilities)	**941,956**	837,580
Subordinated liabilities **31**	**19,213**	19,072
Total liabilities	**961,169**	856,652
Equity		
Share capital **32**	**1,085**	1,069
Share premium	**5,245**	5,269
Treasury shares	**(1,829)**	(600)
Retained earnings	**18,599**	15,237
Net gains/(losses) not recognised in the income statement	**497**	1,246
Equity attributable to shareholders of the parent company	**23,597**	22,221
Equity attributable to minority interests	**2,298**	1,931
Total equity	**25,895**	24,152
Total equity and liabilities	**987,064**	880,804
Credit related contingent liabilities **35**	**51,279**	46,021
Committed credit facilities **35**	**145,418**	141,010

Numbers stated against items refer to the notes. The notes to the consolidated financial statements are an integral part of these statements.

Consolidated statement of changes in equity for the year ended 31 December

(in millions of euros)	**2006**	2005	2004
Share capital			
Balance at 1 January	**1,069**	954	919
Issuance of shares	**–**	82	–
Exercised options and warrants	**16**	–	2
Dividends paid in shares	**–**	33	33
Balance at 31 December	**1,085**	1,069	954
Share premium			
Balance at 1 January	**5,269**	2,604	2,549
Issuance of shares	**–**	2,611	–
Exercised options and conversion rights	**–**	–	48
Share-based payments	**111**	87	40
Dividends paid in shares	**(135)**	(33)	(33)
Balance at 31 December	**5,245**	5,269	2,604
Treasury shares			
Balance at 1 January	**(600)**	(632)	(119)
Share buy back	**(2,204)**	32	(513)
Utilised for dividends paid in shares	**832**	–	–
Utilised for exercise of options and performance share plans	**143**	–	–
Balance at 31 December	**(1,829)**	(600)	(632)
Retained earnings*			
Balance at 1 January	**15,237**	11,580	8,469
Profit attributable to shareholders of the parent company	**4,715**	4,382	3,865
Cash dividends paid to shareholders of the parent company	**(807)**	(659)	(694)
Dividends paid in shares to shareholders of the parent company	**(656)**	–	–
Other	**110**	(66)	(60)
Balance at 31 December	**18,599**	15,237	11,580
Equity settled own share derivatives			
Balance at 1 January	**–**	–	(106)
Issuances and settlements	**–**	–	106
Balance at 31 December	**–**	–	–
Net gains/(losses) not recognised in the income statement			
Currency translation account			
Balance at 1 January	**842**	(238)	–
Transfer to income statement relating to disposals	**(7)**	(20)	2
Currency translation differences	**(427)**	1,100	(240)
Subtotal – Balance at 31 December	**408**	842	(238)
Net unrealised gains/(losses) on available-for-sale assets			
Balance at 1 January	**1,199**	830	572
Net unrealised gains/(losses) on available-for-sale assets	**(233)**	717	509
Net losses/(gains) reclassified to the income statement	**(602)**	(348)	(251)
Subtotal – Balance at 31 December	**364**	1,199	830
Cash flow hedging reserve			
Balance at 1 January	**(795)**	(283)	(165)
Net unrealised gains/(losses) on cash flow hedges	**735**	(386)	106
Net losses/(gains) reclassified to the income statement	**(215)**	(126)	(224)
Subtotal – Balance at 31 December	**(275)**	(795)	(283)
Net gains/(losses) not recognised in the income statement at 31 December	**497**	1,246	309
Equity attributable to shareholders of the parent company at 31 December	**23,597**	22,221	14,815
Minority interest			
Balance at 1 January	**1,931**	1,737	1,301
Additions	**208**	202	367
Reductions	**–**	(49)	–
Acquisitions/disposals	**203**	(136)	(30)
Profit attributable to minority interests	**65**	61	75
Currency translation differences	**(46)**	133	33
Other movements	**(63)**	(17)	(9)
Equity attributable to minority interests at 31 December	**2,298**	1,931	1,737
Total equity at 31 December	**25,895**	24,152	16,552

***** *The proposed final dividend of EUR 0.60 per share for 2006 is not reflected in the movement table above and will be recorded in 2007 at the time of distribution.*

The notes to the consolidated financial statements are an integral part of these statements

Consolidated statement of comprehensive income for the year ended 31 December

(in millions of euros)	**2006**	2005	2004
Profit attributable to shareholders of the parent company	**4,715**	4,382	3,865
Gains/(losses) not recognised in income:			
Currency translation differences	**(427)**	1,100	(240)
Available-for-sale assets	**(233)**	717	509
Cash flow hedges	**735**	(386)	106
	75	1,431	375
Net unrealised (gains)/losses reclassified to income:			
Currency translation differences relating to disposed subsidiaries	**(7)**	(20)	2
Available-for-sale assets	**(602)**	(348)	(251)
From cash flow hedging reserve	**(215)**	(126)	(224)
	(824)	(494)	(473)
Comprehensive income for the year	**3,966**	5,319	3,767

The statement of comprehensive income for the year presents all movements in equity attributable to shareholders of the parent company other than changes in issued share capital, distributions to shareholders and share buy backs.

Consolidated cash flow statement for the year ended 31 December

(in millions of euros)	**2006**	2005	2004
Operating activities			
Profit for the year	**4,780**	4,443	3,940
Less: Profit from discontinued operations	**609**	187	1,651
Profit from continuing operations	**4,171**	4,256	2,289
Adjustments for significant non-cash items included in income			
Depreciation, amortisation and impairment	**1,331**	1,004	1,218
Loan impairment losses	**2,108**	871	777
Share of result in equity accounted investments	**(243)**	(263)	(206)
Movements in operating assets and liabilities			
Movements in operating assets **36**	**(77,392)**	(105,368)	(119,343)
Movements in operating liabilities **36**	**64,981**	80,461	98,722
Other adjustments			
Dividends received from equity accounted investments	**72**	63	59
Net cash flows from operating activities from continuing operations	**(4,972)**	(18,976)	(16,484)
Net cash flows from operating activities from discontinued operations	**314**	200	437
Investing activities			
Acquisition of investments	**(180,228)**	(142,423)	(78,760)
Sales and redemption of investments	**172,454**	129,811	76,338
Acquisition of property and equipment	**(1,138)**	(2,028)	(1,966)
Sales of property and equipment	**255**	1,063	1,131
Acquisition of intangibles (excluding goodwill and MSRs)	**(800)**	(431)	(335)
Sales of intangibles (excluding goodwill and MSRs)	**12**	9	50
Acquisition of subsidiaries and equity accounted investments	**(7,449)**	(1,702)	(276)
Disposal of subsidiaries and equity accounted investments	**258**	530	153
Net cash flows from investing activities from continuing operations	**(16,636)**	(15,171)	(3,665)
Net cash flows from investing activities from discontinued operations	**1,574**	(14)	2,513
Financing activities			
Issuance of subordinated liabilities	**4,062**	2,975	2,203
Repayment of subordinated liabilities	**(4,430)**	(1,664)	(2,690)
Issuance of other long-term funding	**35,588**	35,483	21,863
Repayment of other long-term funding	**(14,343)**	(6,453)	(6,180)
Proceeds from the issue of shares	**–**	2,491	–
Net (decrease)/increase in treasury shares	**(2,061)**	32	(513)
Other	**276**	92	334
Dividends paid	**(807)**	(659)	(694)
Net cash flows from financing activities from continuing operations	**18,285**	32,297	14,323
Net cash flows from financing activities from discontinued operations	**–**	(1,185)	2,422
Movement in cash and cash equivalents	**(1,435)**	(2,849)	(454)
Cash and cash equivalents at 1 January	**6,043**	8,603	9,016
Currency translation differences	**264**	289	41
Cash and cash equivalents at 31 December 36	**4,872**	6,043	8,603

Numbers stated against items refer to the notes. The notes to the consolidated financial statements are an integral part of these statements.

Notes to the consolidated financial statements

(unless otherwise stated, all amounts are in millions of euros)

1 Segment reporting

Segment information is presented in respect of the Group's business. The primary format, business segments, is consistent with the Group's management and internal reporting structure applicable in the financial year.

Measurement of segment assets, liabilities, income and results is based on the Group's accounting policies. Segment assets, liabilities, income and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Transactions between segments are conducted at arm's length.

Business segments

Below the business segments are detailed. In the 'Business review' chapter of the Annual Report more detailed descriptions of the activities of these segments have been included.

Netherlands

BU Netherlands serves a diverse client base that comprises consumer and commercial clients.
BU Netherlands offers a broad range of investment, commercial and retail banking products and services via its multi-channel service model consisting of a network of branches, internet banking facilities, a customer contact center and ATMs throughout the Netherlands. BU Netherlands focuses increasingly on mass affluent customers and commercial mid-market clients. BU Netherlands also comprises the ABN AMRO Mortgage Group including the former Bouwfonds mortgage activities. The non-mortgage activities of Bouwfonds were sold during the year.

Europe (including Antonveneta)

BU Europe provides its consumer and commercial clients with a range of financial products and services. Its regional strategies and operations are closely aligned with those of ABN AMRO's global BUs.

BU Europe combines activities in 27 countries: 23 countries in Europe (excluding the Netherlands) along with Kazakhstan, Uzbekistan, Egypt and South Africa.

ABN AMRO acquired a majority stake in Antonveneta in January 2006 and launched a tender offer for the remaining shares on 27 February 2006. It acquired 100% of the bank in July 2006 after it exercised its right to purchase the shares it did not yet own following its tender offer.

Antonveneta is rooted in north-eastern Italy, and focuses on consumer and commercial mid-market clients.

North America

The core of BU North America is LaSalle Bank, headquartered in Chicago, Illinois. BU North America serves a large number of clients, including small businesses, mid-market companies, larger corporates, institutions, non-profit entities and municipalities in the US and Canada. BU North America offers a broad range of investment, commercial and retail banking products and services through a network of branches and ATMs in Illinois, Michigan and Indiana. BU North America focuses increasingly on mass affluent customers and commercial mid-market clients. While based in the US Midwest, BU North America reaches further through an expanding network of regional commercial banking offices across the US.

Latin America

BU Latin America has a presence in nine Latin American countries: Brazil, Argentina, Chile, Colombia, Ecuador, Mexico, Paraguay, Uruguay and Venezuela, with the presence of Banco Real representing the majority of the operations. In Brazil, Banco Real is a retail and commercial bank, offering full retail, corporate and investment banking products and services. It operates as a universal bank offering financial services through an extensive network of branches, points-of-sale and ATMs. BU Latin America also has a strong presence in the Brazilian consumer finance business through its Aymoré franchise, focused on vehicle and other consumer goods financing.

Asia

ABN AMRO has been operating for well over 100 years in several Asian countries including Indonesia, China, Singapore and Japan. BU Asia now covers 16 countries and territories and is extending its branches and offices network. BU Asia's client base includes commercial clients as well as consumer and private banking clients.

Global Clients

BU Global Clients serves a range of major corporate and institutional clients that demand sophisticated financial solutions customised to their specific needs.

BU Global Clients is organised around six hubs (Amsterdam, London, New York, Hong Kong, São Paulo and Sydney). The financial results of BU Global Clients also reflect the contribution of ABN AMRO Mellon, a joint venture with the Mellon Financial Corporation that provides global custody and value added services to institutional investors worldwide.

Private Clients

BU Private Clients offers private banking services to wealthy individuals and institutions with EUR 1 million or more in net investable assets. In the past few years, BU Private Clients built up an onshore private banking network in continental Europe through organic growth in the Netherlands and France, and through the acquisition of Delbrück Bethmann Maffei in Germany and Bank Corluy in Belgium.

Asset Management

BU Asset Management is ABN AMRO's global asset management business. BU Asset Management operates in 26 countries worldwide, offering investment products in all major regions and asset classes. Its products are distributed directly to institutional clients such as central banks, pension funds, insurance companies and leading charities. Funds for private investors are distributed through ABN AMRO's consumer and private banking arms, as well as via third-party distributors such as insurance companies and other banks. The institutional client business represents just over half of the assets managed by BU Asset Management. Consumer and third-party clients account for a further 30%, and the remainder is in discretionary portfolios managed for BU Private Clients.

Private Equity

The business model of ABN AMRO's Private Equity unit – branded as ABN AMRO Capital – involves providing capital and expertise to non-listed companies in a variety of sectors. By obtaining, in most cases, a majority stake, Private Equity gains the ability to influence the company's growth strategy and increase its profitability. It then aims to sell its shareholding at a profit after a number of years. Private Equity specialises in European mid-market buyouts, but also manages a portfolio of investments in Australian buyouts, non-controlling and controlling shareholdings in small to medium sized Dutch companies ('participaties'), and dedicated media and telecom sector investments. It operates from seven offices across Europe and Australia.

Group Functions, including Group Services

Group Functions provides guidance on ABN AMRO's corporate strategy and supports the implementation of the strategy in accordance with our Managing for Value methodology, Corporate Values and Business Principles. By aligning and uniting functions across ABN AMRO's BUs and geographical territories, Group Functions also facilitates Group-wide sharing of best practices, innovation and positioning to public authorities, and binds the bank together in both an operational and cultural sense.

Group Functions includes Group Asset and Liability Management, which manages an investment and derivatives portfolio in order to manage the liquidity and interest rate risks of the Group. Group Functions also holds the Group's strategic investments, proprietary trading portfolio and records any related profits or losses.

Business segment information for the year ended 31 December 2006

	Nether-lands	Europe	North America	Latin America	Asia	Global Clients	Private Clients	Asset Manage-ment	Private Equity	Group Func-tions	Total
Net interest income – external	2,574	3,414	2,224	2,970	240	1,355	(959)	9	(160)	(1,092)	**10,575**
Net interest income – other segments	504	(2,098)	124	(65)	271	(800)	1,503	(24)	(139)	724	**–**
Net fee and commission income – external	711	1,011	653	449	496	1,256	671	704	18	93	**6,062**
Net fee and commission income – other segments	40	(228)	44	35	97	(10)	29	13	(6)	(14)	**–**
Net trading income	486	1,032	229	209	310	563	64	(4)	13	77	**2,979**
Result from financial transactions	28	169	155	34	12	41	4	40	422	182	**1,087**
Share of result in equity accounted investments	51	1	4	55	62	–	2	1	–	67	**243**
Other operating income	246	111	313	51	31	3	75	89	2	461	**1,382**
Income of consolidated private equity holdings	–	–	–	–	–	–	–	–	5,313	–	**5,313**
Total operating income	4,640	3,412	3,746	3,738	1,519	2,408	1,389	828	5,463	498	**27,641**
Total operating expenses	3,118	2,743	2,457	2,219	1,089	2,144	956	528	5,031	428	**20,713**
Loan impairment and credit risk provisions	359	397	38	722	218	(27)	40	–	26	82	**1,855**
Total expenses	3,477	3,140	2,495	2,941	1,307	2,117	996	528	5,057	510	**22,568**
Operating profit / (loss) before taxes	1,163	272	1,251	797	212	291	393	300	406	(12)	**5,073**
Income tax expense	319	229	167	149	101	(13)	121	65	(3)	(233)	**902**
Profit from continuing operations	844	43	1,084	648	111	304	272	235	409	221	**4,171**
Profit from discontinued operations net of tax	505	–	104	–	–	–	–	–	–	–	**609**
Profit for the year	1,349	43	1,188	648	111	304	272	235	409	221	**4,780**
Other information at 31 December 2006											
Total assets	169,862	390,326	163,276	36,169	60,187	69,443	20,510	1,402	7,706	68,183	**987,064**
Of which equity accounted investments	189	14	–	39	369	–	6	10	23	877	**1,527**
Total liabilities	168,755	385,016	156,100	31,415	58,307	61,314	19,012	1,044	6,560	73,646	**961,169**
Capital expenditure	373	130	181	142	85	1	39	17	451	204	**1,623**

Business segment information for the year ended 31 December 2005

	Nether-lands	Europe	North America	Latin America	Asia	Global Clients	Private Clients	Asset Manage-ment	Private Equity	Group Func-tions	Total
Net interest income – external	758	2,163	2,291	2,225	323	1,549	(690)	(11)	(93)	270	**8,785**
Net interest income – other segments	2,570	(2,411)	(80)	(15)	241	(903)	1,219	17	(107)	(531)	**–**
Net fee and commission income – external	604	450	730	377	378	831	583	590	26	122	**4,691**
Net fee and commission income – other segments	106	(149)	4	2	43	–	29	6	(9)	(32)	**–**
Net trading income	392	957	269	57	131	711	44	14	(13)	59	**2,621**
Result from financial transactions	2	25	79	11	4	121	11	55	353	620	**1,281**
Share of result in equity accounted investments	13	3	4	37	73	–	1	18	–	114	**263**
Other operating income	184	72	224	369	44	13	100	23	1	26	**1,056**
Income of consolidated private equity holdings	–	–	–	–	–	128	–	–	3,509	–	**3,637**
Total operating income	4,629	1,110	3,521	3,063	1,237	2,450	1,297	712	3,667	648	**22,334**
Total operating expenses	3,282	1,208	2,299	1,848	914	1,869	915	501	3,391	74	**16,301**
Loan impairment and credit risk provisions	285	(35)	(86)	348	27	(50)	16	–	34	96	**635**
Total expenses	3,567	1,173	2,213	2,196	941	1,819	931	501	3,425	170	**16,936**
Operating profit / (loss) before taxes	1,062	(63)	1,308	867	296	631	366	211	242	478	**5,398**
Income tax expense	323	40	273	265	90	78	87	40	(21)	(33)	**1,142**
Profit / (loss) from continuing operations	739	(103)	1,035	602	206	553	279	171	263	511	**4,256**
Profit from discontinued operations net of tax	136	–	51	–	–	–	–	–	–	–	**187**
Profit / (loss) for the year	875	(103)	1,086	602	206	553	279	171	263	511	**4,443**
Other information at 31 December 2005											
Total assets	176,874	304,818	148,392	27,903	57,280	54,585	19,111	1,199	7,293	83,349	**880,804**
Of which equity accounted investments	163	27	–	40	371	–	5	13	7	2,367	**2,993**
Total liabilities	175,851	300,386	142,426	23,812	55,746	53,267	17,642	1,051	6,268	80,203	**856,652**
Capital expenditure	286	91	301	145	70	25	26	41	190	91	**1,266**

Business segment information for the year ended 31 December 2004

	Nether-lands	Europe	North America	Latin America	Asia	Global Clients	Private Clients	Asset Manage-ment	Private Equity	Group Func-tions	Total
Net interest income – external	1,234	1,391	2,681	1,688	334	1,423	(429)	(12)	(80)	295	**8,525**
Net interest income – other segments	1,857	(1,180)	(349)	(152)	87	(855)	888	17	(33)	(280)	**–**
Net fee and commission income – external	628	458	632	340	394	860	537	531	8	97	**4,485**
Net fee and commission income – other segments	40	(46)	(13)	4	(11)	–	23	4	–	(1)	**–**
Net trading income	213	179	182	(6)	120	519	53	9	3	37	**1,309**
Result from financial transactions	19	(118)	(196)	(4)	(3)	133	1	10	579	484	**905**
Share of result in equity accounted investments	32	–	2	9	127	–	14	2	–	20	**206**
Other operating income	204	(6)	288	152	22	8	59	34	(25)	9	**745**
Income of consolidated private equity holdings	–	–	–	–	–	–	–	–	2,616	–	**2,616**
Total operating income	4,227	678	3,227	2,031	1,070	2,088	1,146	595	3,068	661	**18,791**
Total operating expenses	3,525	1,293	2,164	1,386	710	1,782	869	444	2,614	393	**15,180**
Loan impairment and credit risk provisions	177	(60)	161	230	3	49	7	–	16	24	**607**
Total expenses	3,702	1,233	2,325	1,616	713	1,831	876	444	2,630	417	**15,787**
Operating profit / (loss) before taxes	525	(555)	902	415	357	257	270	151	438	244	**3,004**
Income tax expense	159	(131)	161	174	83	68	78	46	33	44	**715**
Profit / (loss) from continuing operations	366	(424)	741	241	274	189	192	105	405	200	**2,289**
Profit from discontinued operations net of tax	146	–	58	–	240	–	–	–	–	1,207	**1,651**
Profit / (loss) for the year	512	(424)	799	241	514	189	192	105	405	1,407	**3,940**
Other information at 31 December 2004											
Total assets	174,102	236,558	129,834	18,371	46,943	32,137	16,416	954	4,136	68,003	**727,454**
Of which equity accounted investments	140	19	–	22	253	–	5	12	5	972	**1,428**
Total liabilities	202,650	196,839	123,702	15,703	41,164	35,899	45,307	1,113	2,843	45,682	**710,902**
Capital expenditure	367	57	380	112	50	26	48	6	83	23	**1,152**

Geographical segments

The geographical analysis presented below is based on the location of the Group entity in which the transactions are recorded.

	2006			2005			2004		
	Operating income	Total assets	Capital expendi-ture	Operating income	Total assets	Capital expendi-ture	Operating income	Total assets	Capital expendi-ture
The Netherlands	**11,440**	**289,984**	**899**	9,255	285,073	577	8,497	267,222	473
Europe	**6,040**	**419,691**	**179**	4,672	332,922	153	2,324	254,562	122
North America	**4,041**	**168,533**	**315**	3,911	167,128	314	4,467	133,592	391
Latin America	**3,961**	**36,976**	**141**	3,271	28,420	145	2,305	18,274	113
Asia Pacific	**2,159**	**71,880**	**89**	1,225	67,261	77	1,198	53,804	53
Total	**27,641**	**987,064**	**1,623**	22,334	880,804	1,266	18,791	727,454	1,152

2 Acquisitions and disposals of subsidiaries

Major acquisitions in 2006, 2005 and 2004

The following major acquisitions were made in 2006, 2005 and 2004 and were accounted for using the purchase method:

	% acquired	Consideration	Total assets	Acquisition date
Acquired companies				
2006				
Antonveneta	100	7,499	49,367	various
Private equity acquisitions	51-100	105	1,295	various
2005				
Bank Corluy	100	50	121	April 2005
Private equity acquisitions	51-100	43	2,174	various
2004				
Bethmann Maffei	100	110	812	January 2004
Private equity acquisitions	51-100	112	963	various

Acquisitions 2006

Antonveneta

On 2 January 2006 the Group acquired a controlling interest in Banca Antoniana Popolare Veneta (Antonveneta) in order to increase its mid-market footprint, and accelerate the existing partnership that gives access to the large Italian banking market and the customer base of Antonveneta.

During 2005 the Group had already increased its interest in Antonveneta from 12.7% to 29.9%. The purchase of 79.9 million shares of Antonveneta from Banca Popolare Italiana on 2 January 2006 resulted in the Group acquiring a controlling 55.8% share. Following purchases of shares in the open market, a public offering and the exercise of the Group's right under Italian law to acquire minority share holdings, ABN AMRO now owns 100% of the outstanding share capital of Antonveneta.

The Group paid EUR 26.50 per share for Antonveneta, representing a total consideration of EUR 7,499 million. Total goodwill arising from the acquisition amounted to EUR 4,399 million, reflecting final adjustments to the purchase price and an adjustment to the fair value of the purchased loan portfolio over and above the provisional goodwill amount calculated at EUR 4,273 million as at 2 January 2006. For further details on the purchase price adjustments and goodwill calculation please refer to note 22. In addition, the Group has recognised newly identifiable intangible assets amounting to EUR 1,194 million. For further details on intangible assets please refer to note 22.

The impact of consolidating Antonveneta in the figures of ABN AMRO Holding N.V. as at 31 December 2006 can be summarised as follows:

	Year ended 31 December 2006
Income statement	
Operating income	2,071
Operating expenses	1,310
Loan impairment and other credit risk provisions	382
Operating profit before tax	379
Income tax expense	187
Profit for the year	192

	31 December 2006
Balance sheet	
Loans and receivables – banks	4,640
Loans and receivables – customers	38,070
Sundry assets	8,775
Total assets	51,485
Due to banks	11,777
Due to customers	19,742
Issued debt securities	9,803
Sundry liabilities	6,623
Total liabilities	47,945

BU Asset Management

In February 2006, BU Asset Management acquired International Asset Management, a 'fund of hedge funds' manager. The integration of this acquisition was completed in May 2006. In June 2006, BU Asset Management increased its share in its Beijing joint venture to 49% and changed local partner from XiangCai Securities to Northern Trust, a member of Tianjin TEDA holdings.

VermogensGroep

In October 2006, the Group acquired a majority share in VermogensGroep to expand its Private Clients business in the Netherlands.

Banco ABN AMRO Real

On 20 September 2006, ABN AMRO exercised its right to call Banca Intesa's remaining 3.86% holding in Banco ABN AMRO Real. The total consideration for the acquisition of the shares amounted to EUR 233 million. After the exercise of the rights ABN AMRO owns 97.5% of the shares in Banco ABN AMRO Real.

Capitalia

On 18 October 2006 the Group purchased 24.6 million shares, representing a stake of 0.95%, in Capitalia from Pirelli S.p.A. After this purchase the Group has a stake of 8.60% in Capitalia. The consideration paid for the shares amounted to EUR 165 million.

Private Equity

Major new buy-out investments in 2006 were:

- U-pol (United Kingdom, automotive manufacturing)
- OFIC (France, isolation materials)
- Lucas Bols (Netherlands, branded liqueurs and spirits)
- Nextira One (France, integrated enterprise network solutions)
- Volution (United Kingdom, construction)
- Douglas Hanson (United States, manufacturing, add-on to Loparex, Sweden)
- Amitco (United Kingdom, manufacturing)
- Saunatec (Finland, manufacturing).

Disposals 2006

Asset Management

In April 2006 BU Asset Management disposed of its US mutual fund business to Highbury Financial Inc. The sale involved 19 mutual funds accounting for USD 6 billion assets under management. The net profit on the sale amounted to EUR 17 million. In July 2006, BU Asset Management sold its onshore Taiwanese asset management business to ING Group. The profit on the sale amounted to EUR 38 million, included in other operating income.

Kereskedelmi és Hitelbank Rt

In May 2006, ABN AMRO completed the sale of its 40% participation in Kereskedelmi és Hitelbank Rt of Hungary, as announced in December 2005, for a consideration of EUR 510 million to KBC Bank. The profit recognised on the sale included in other operating income is EUR 208 million.

Global Futures business

On 30 September 2006 ABN AMRO sold the Global Futures business for an amount of EUR 305 million (USD 386 million). The net profit on the sale amounted to EUR 190 million (EUR 229 million gross). During 2006 the Global Futures business contributed EUR 163 million of operating income and a net loss of EUR 24 million.

Private Clients

In May 2006, BU Private Clients sold its business in Denmark and in December 2006 it disposed of its business in Monaco, to focus on growth in other private banking markets and further enhance the efficiency of its global structure.

Bouwfonds non-mortgage

On 1 December 2006 the Group disposed of the property development and management activities of its Bouwfonds subsidiary. The Bouwfonds Property Development, Bouwfonds Asset Management, Bouwfonds Fondsenbeheer, Rijnlandse Bank and Bouwfonds Holding were sold to Rabobank for a cash consideration of EUR 852 million and the Bouwfonds Property Finance activities were sold to SNS Bank for a cash consideration of EUR 825 million. The total net gain on the sale of Bouwfonds amounted to EUR 338 million.

The operating result and disposal gain of the Bouwfonds businesses sold have been reported as discontinued operations in the income statement.

Private Equity

In 2006 major divestments were:

- Holland Railconsult (Netherlands, railway engineering)
- Kreatel Communications (Sweden, telecommunications)
- Sogetrel (France, telecommunications)
- Radio Holland Group (Netherlands, maritime navigation and communication systems)
- RTD (Netherlands, industrial non-destructive testing services)
- Jessops (United Kingdom, retail)
- Dennis Eagle (United Kingdom, industrial).

Acquisitions 2005

Bank Corluy

In April 2005 the acquisition of the Belgian private bank Bank Corluy was completed. The purchase price amounted to EUR 50 million. Total Assets under Management of this entity were over EUR 1.5 billion. The net asset value acquired amounted to EUR 20 million, resulting in capitalised goodwill of EUR 30 million.

Bouwfonds

In April 2005, we exercised our right to acquire the cumulative preference shares of Bouwfonds in order to obtain full legal control, in addition to the 100% economic interest we acquired in 2000.

Artemis

In December 2005, we increased our shareholding in the UK based asset management company Artemis from 58% to 71%. The consideration paid for this increase amounted to EUR 107 million.

Private Equity

Major new buy-out investments in 2005 were:

- FlexLink (Sweden, engineering)
- Strix (UK, engineering)
- Fortex (Netherlands, support services)
- Loparex (Finland, industrial products)
- Everod (Australia, medical services)
- Bel'm (France, consumer products)
- IMCD (Netherlands, chemicals), Nueva Terrain (Spain, construction)
- Roompot (Netherlands, leisure)
- Scotts and McColls (Australia, transportation)
- Bonna Sabla (France, industrial products & services)
- Bianchi Vending (Italy, business products & supplies).

Disposals 2005

ABN AMRO Trust Holding

In June 2005, the sale of ABN AMRO Trust Holding to Equity Trust was completed. The Trust and Management Services performed in Asia, Europe and the Caribbean were transferred to Equity Trust. The profit on the sale amounted to EUR 17 million.

Nachenius Tjeenk & Co.

In July 2005, the sale of Nachenius Tjeenk to BNP Paribas was completed. The net profit on sale amounted to EUR 38 million.

Real Seguros S.A.

In July 2005, ABN AMRO and Tokio Marine & Nichido Fire Insurance Co., Ltd. ('TMNF'), an integral subsidiary of Millea Holdings, Inc. announced that TMNF would purchase from ABN AMRO 100% of Real Seguros S.A., and establish a 50/50 joint venture in Real Vida e Previdência S.A. As part of the agreement, ABN AMRO agreed to distribute on an exclusive basis through its retail network in Brazil, insurance and pension products. The net profit on the sale amounted to EUR 196 million.

Private Equity

In 2005 major divestments were:

- Handicare (Norway, medical equipment)
- MobilTel (Bulgaria, communications)
- AUSDOC (Australia, support services)
- Puzzler Media (UK, media).

Dilution of investment 2005

Capitalia

In December 2005, Capitalia issued additional shares. Because we did not participate in this offering, our shareholding reflects a dilutive effect and decreased from 9% to 8%.

Acquisitions 2004

Bethmann Maffei

In January 2004, we acquired Bethmann Maffei, a private bank in Germany for EUR 110 million. We then merged it with Delbrück & Co to form Delbrück Bethmann Maffei. With more than EUR 10 billion in Assets under Management, Delbrück Bethmann Maffei is one of the top five private banks in Germany.

Sparebank 1 Aktiv Forvaltning

In February 2004, we acquired the asset management activities of Sparebank 1 Aktiv Forvaltning of Norway.

Disposals 2004

Bank Austria

In February 2004, we sold our stake in Bank Austria for a net profit of EUR 115 million.

US Professional Brokerage

In April 2004, we sold our US Professional Brokerage unit to Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Bank of Asia

In July 2004, we sold our controlling 80.77% interest in Bank of Asia in Thailand to the United Overseas Bank for a total cash consideration of THB 22,019 million or EUR 442 million as per 27 July 2004. The operating result and disposal gain of EUR 224 million have been reported as discontinued operations in the profit and loss account.

LeasePlan Corporation

In November 2004, we sold LeasePlan Corporation of the Netherlands for a net profit of EUR 844 million (under Dutch GAAP) to a consortium of investors led by Volkswagen Group. The operating result and disposal gain have been reported as discontinued operations in the profit and loss account.

Executive Relocation Corporation

In November 2004, we sold our US employee relocation management and consulting firm, Executive Relocation Corporation, to SIRVA Inc. of the United States for USD 100 million.

US defined contribution pensions administration business

On 31 December 2004, Business Unit Asset Management sold its US defined contribution pensions (401(k)) administration business to Principal Financial Group of the United States.

3 Net interest income

	2006	2005	2004
Interest income from:			
Cash and balances at central banks	**459**	348	218
Financial assets held for trading	**2,101**	1,559	1,389
Financial investments	**5,433**	5,191	4,186
Loans and receivables – banks	**4,001**	2,660	2,078
Loans and receivables – customers	**25,704**	19,887	16,657
Subtotal	**37,698**	29,645	24,528
Interest expense from:			
Financial liabilities held for trading	**1,289**	1,054	976
Due to banks	**5,449**	5,037	3,941
Due to customers	**12,208**	9,616	7,254
Issued debt securities	**7,140**	4,160	2,744
Subordinated liabilities	**1,037**	993	1,088
Subtotal	**27,123**	20,860	16,003
Total	**10,575**	8,785	8,525

4 Net fee and commission income

	2006	2005	2004
Fee and commission income			
Securities brokerage fees	**1,785**	1,560	1,548
Payment and transaction services fees	**2,123**	1,530	1,401
Asset management and trust fees	**1,562**	1,153	1,041
Fees generated on financing arrangements	**248**	180	158
Advisory fees	**500**	336	311
Insurance related commissions	**168**	168	130
Guarantee fees	**223**	218	160
Other fees and commissions	**518**	427	436
Subtotal	**7,127**	5,572	5,185
Fee and commission expense			
Securities brokerage expense	**330**	321	281
Payment and transaction services expense	**287**	165	125
Asset management and trust expense	**151**	127	126
Other fee and commission expense	**297**	268	168
Subtotal	**1,065**	881	700
Total	**6,062**	4,691	4,485

5 Net trading income

	2006	2005	2004
Securities	**61**	978	179
Foreign exchange transactions	**789**	662	687
Derivatives	**2,199**	933	380
Other	**(70)**	48	63
Total	**2,979**	2,621	1,309

Interest income and expense on trading positions are included in interest income and expense.

6 Results from financial transactions

	2006	2005	2004
Net gain from the disposal of available-for-sale debt securities	**634**	431	179
Net gain from the sale of available-for-sale equity investments	**158**	55	154
Dividend on available-for-sale equity investments	**71**	54	48
Net gain on other equity investments	**491**	514	694
Hedging ineffectiveness	**58**	39	(112)
Fair value change of credit default swaps	**(280)**	(51)	(12)
Other	**(45)**	239	(46)
Total	**1,087**	1,281	905

The net gain on other equity investments includes gains and losses arising on investments held at fair value and the result on the sale of consolidated holdings of a private equity nature.

The Group enters into credit default swaps for managing portfolio credit risk. However, these are generally not included in hedge accounting relationships due to difficulties in demonstrating that the relationship will be highly effective. Accordingly any fair value changes are recorded directly in income, while the gains and losses on the credit positions hedged are accrued in interest income and expense and as impairment and other credit related provisions if any.

7 Other operating income

	2006	2005	2004
Insurance activities	**103**	150	177
Leasing activities	**61**	60	63
Disposal of operating activities and equity accounted investments	**553**	347	187
Other	**665**	499	318
Total	**1,382**	1,056	745

Income from insurance activities can be analysed as follows:

	2006	2005	2004
Premium income	**1,273**	1,182	1,243
Investment income	**308**	406	300
Provision for insured risk	**(1,478)**	(1,438)	(1,366)
Total	**103**	150	177

The 2006 result on disposal of operating activities (not qualifying as discontinued operations) and equity accounted investments includes the profit recognised on the following sales: Kereskedelmi és Hitelbank Rt to KBC Bank of EUR 208 million, the Global Futures business to UBS of EUR 229 million, Asset Management Taiwan to ING Group of EUR 38 million and Asset Management Mutual Funds USA to Highbury Financial Inc. of EUR 17 million.

In 2006 an amount of EUR 110 million has been recognised in relation to the settlement of a claim regarding a former subsidiary of our US operations in the line Other.

8 Personnel expenses

	2006	2005	2004
Salaries (including bonuses and allowances)	**6,469**	5,686	5,413
Social security expenses	**873**	710	592
Pension and post-retirement healthcare costs	**404**	11	373
Share-based payment expenses	**78**	61	4
Temporary staff costs	**309**	228	196
Termination payments	**144**	174	191
Restructuring related costs **11**	**153**	42	502
Other employee costs	**211**	313	279
Total	**8,641**	7,225	7,550
Average number of employees (fte):			
Banking activities Netherlands	**26,260**	26,960	27,819
Banking activities foreign countries	**79,173**	66,054	65,957
Consolidated private equity holdings **41**	**29,945**	22,201	17,938
Total	**135,378**	115,215	111,714

The 2006 increase in Salaries is mainly due to the consolidation of Antonveneta and increased bonus expenses in relation to our BU Global Markets activities.

9 General and administrative expenses

	2006	2005	2004
Professional fees	**1,376**	1,055	763
Information technology expenses	**1,311**	909	800
Property costs	**918**	751	725
Staff related expenses (including training)	**204**	179	149
Travel and transport	**350**	296	258
Stationary and printing expense	**112**	114	111
Communication and information	**603**	461	455
Commercial expenses	**656**	547	410
Expenses of consolidated private equity holdings	**466**	352	284
Restructuring related costs **11**	**(27)**	(9)	179
Sundry expenses	**1,088**	898	613
Total	**7,057**	5,553	4,747

10 Depreciation and amortisation

		2006	2005	2004
Property depreciation		**207**	145	153
Equipment depreciation		**551**	538	512
Software amortisation		**385**	272	274
Amortisation of other intangible assets		**170**	16	2
Impairment losses on goodwill of private equity investments		**1**	19	124
Impairment losses on property and equipment		**1**	9	38
Impairment of property and equipment from restructuring	**11**	**16**	4	109
Impairment of software		**–**	1	6
Total		**1,331**	1,004	1,218

This item includes EUR 212 million (2005: EUR 133 million and 2004: EUR 151 million) of depreciation, amortisation and impairments charged by consolidated private equity holdings (see note 41). Amortisation of other intangible assets in 2006 mainly relate to Antonveneta (see note 22).

11 Restructuring costs

The following table summarises the Group's restructuring costs as included in the relevant cost categories.

	2006	2005	2004
Personnel related costs	**153**	42	502
Other administrative expenses	**(27)**	(9)	179
Impairment of property and equipment	**16**	4	109
Total	**142**	37	790

Restructuring charges and releases in income statements

Restructuring charges of EUR 137 million have been accounted for in relation to the services and IT alignment initiatives. Also restructuring costs of EUR 123 million have been recognised in respect of the efficiency improvement initiatives in Group Functions, North America and Global Markets activities, as included in our regional BUs:

- The Group has identified opportunities to improve productivity and efficiency whilst maintaining an effective control framework at all times. This affects mainly the head office and predominantly Group Risk Management and corporate IT projects through acceleration of the implementation of the IT operating model for Group Functions. The restructuring provision accounted for in relation to this amounts to EUR 47 million.
- In order to bring the efficiency ratio in line with peers a process of continuous efficiency improvement has started in BU North America. The first step was the announcement at the end of 2006 to reduce BU North America's workforce. A provision expense of EUR 41 million has been recorded in respect of this.
- Global Markets, as reflected in the regions, announced further initiatives to improve the efficiency ratio. A provision of EUR 85 million, including EUR 25 million in the Services initiative and EUR 25 million in the Europe IT provision, has been recorded to support the initiative.

- The Services Operations organisation is responsible for the Group's internal services such as transaction processing, clearing and settlement. The Services Operations initiative brings together a portfolio of projects, covering the whole scope of the global banking operations and improving the efficiency of the internal processes. The initiative is being implemented over a three-year timeframe (2006-2008). The initiative will mainly impact operations in the Netherlands, United States, Brazil and United Kingdom. The total amount provided is EUR 108 million, of which EUR 25 million relating to Global Markets, as reflected in the regions.
- ABN AMRO will further aligns all IT areas within the bank to the global Services IT model previously established. All sourcing is brought under a single governance structure, supported by a multi-vendor operating model. In Europe, the IT alignment primarily has consequences for the IT-related activities in the UK. This happens through consolidation of infrastructure estate and further off shoring of application development. It will also leads to a significant reduction in contractors and consultants. Total amount provided is EUR 29 million, of which EUR 25 million to Global Markets, as reflected in the regions.

A review performed on various restructuring provisions established in prior years has led to a release of EUR 118 million. This review assessed the status of existing restructuring initiatives, contemplated the impact of new plans and identified releases including those arising from higher levels of voluntary leavers due to stronger than expected employment markets.

12 Income tax expense

Recognised in the income statement

	2006	2005	2004
Current tax expense			
Current year	**944**	1,106	1,186
Under/(over) provided in prior years	**(96)**	(87)	(30)
Subtotal	**848**	1,019	1,156
Deferred tax expense			
Origination and reversal of timing differences	**322**	257	(373)
Reduction in tax rate	**(141)**	(35)	(13)
Subtotal	**181**	222	(386)
Total	**1,029**	1,241	770
Continuing operations	**902**	1,142	715
Discontinued operations	**138**	99	55
Taxation on disposal	**(11)**	–	–
Total	**1,029**	1,241	770

The Group made net cash income tax payments of EUR 1.2 billion in 2006 (2005: EUR 1.1 billion).

Reconciliation of the total tax charge

The effective tax rate on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Netherlands. The difference can be explained as follows:

(in percentages points)	**2006**	2005	2004
Dutch tax rate	**29.6**	31.5	34.5
Effect of tax rate in foreign countries	**(2.1)**	(5.0)	(4.2)
Effect of previously unrecognised tax losses utilised	**–**	(0.8)	–
Effect of tax-exempt income in the Netherlands	**(7.2)**	(1.2)	(3.7)
Other	**(2.6)**	(2.7)	(3.0)
Effective tax rate on operating profit	**17.7**	21.8	23.6

Recognised directly in equity

(benefits) / charges	**2006**	2005	2004
Relating to currency translation	**114**	(198)	51
Relating to cash flow hedges	**(223)**	(235)	(54)
Relating to available-for-sale assets	**190**	169	118
Total	**81**	(264)	115

13 Earnings per share

The calculations for basic and diluted earnings per share are presented in the following table.

	2006	2005	2004
Profit for the year attributable to shareholders of the parent company	**4,715**	4,382	3,865
Profit from continuing operations attributable to shareholders of the parent company	**4,106**	4,195	2,214
Profit from discontinued operations attributable to shareholders of the parent company	**609**	187	1,651
Weighted average number of ordinary shares outstanding (in millions)	**1,882.5**	1,804.1	1,657.6
Dilutive effect of staff options (in millions)	**7.5**	4.3	3.1
Conditional share awards (in millions)	**5.5**	1.3	1.0
Diluted number of ordinary shares (in millions)	**1,895.5**	1,809.7	1,661.7
Earnings per share from continuing operations			
Basic earnings per ordinary share (in euros)	**2.18**	2.33	1.34
Fully diluted earnings per ordinary share (in euros)	**2.17**	2.32	1.34
Earnings per share from continuing and discontinued operations			
Basic earnings per ordinary share (in euros)	**2.50**	2.43	2.33
Fully diluted earnings per ordinary share (in euros)	**2.49**	2.42	2.33
Number of ordinary shares outstanding as at 31 December (in millions)	**1,853.8**	1,877.9	1,669.2
Net asset value per ordinary share (in euros)	**12.73**	11.83	8.88
Number of preference shares outstanding as at 31 December (in millions)	**1,369.8**	1,369.8	1,369.8
Return on average shareholders' equity (in %)	**20.7**	23.5	29.7

14 Cash and balances at central banks

This item includes cash on hand and deposits with central banks in countries in which the bank has a presence.

	2006	2005
Cash on hand	**1,887**	1,590
Balances at central bank	**10,430**	15,067
Total	**12,317**	16,657

15 Financial assets and liabilities held for trading

	2006	2005
Financial assets held for trading		
Interest-earning securities:		
Dutch government	**976**	2,520
US treasury and US government agencies	**1,115**	7,843
Other OECD governments	**29,529**	37,855
Other interest-earning securities	**28,670**	13,789
Subtotal	**60,290**	62,007
Equity instruments	**40,112**	34,676
Derivative financial instruments	**105,334**	105,372
Total	**205,736**	202,055
Financial liabilities held for trading		
Short positions in financial assets	**45,861**	52,060
Derivative financial instruments	**99,503**	96,528
Total	**145,364**	148,588

Gains and losses on derivative financial instruments and changes in fair value of other trading instruments are recognised in net trading income. Interest income and expense from debt and other fixed-income instruments that are held for trading are recognised in net interest income.

Trading portfolio derivative financial instruments

		2006			2005		
			Fair values			Fair values	
		Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Interest rate derivatives							
OTC	Swaps	**5,788,088**	**57,947**	**55,768**	4,846,112	70,644	64,527
	Forwards	**342,962**	**73**	**69**	220,612	80	73
	Options (purchased)	**280,482**	**4,679**	**–**	243,296	6,072	–
	Options (sold)	**334,774**	**–**	**4,685**	266,718	–	6,321
Exchange	Futures	**277,120**	**64**	**41**	209,197	1	2
	Options (purchased)	**19**	**–**	**–**	292	3	–
	Options (sold)	**–**	**–**	**–**	293	–	1
	Subtotal	**7,023,445**	**62,763**	**60,563**	5,786,520	76,800	70,924
Currency derivatives							
OTC	Swaps	**648,243**	**14,694**	**11,582**	518,012	12,356	10,431
	Forwards	**637,773**	**7,460**	**6,723**	507,385	5,004	5,661
	Options (purchased)	**62,697**	**2,183**	**–**	63,835	1,524	–
	Options (sold)	**62,168**	**–**	**2,291**	66,174	–	1,313
Exchange	Futures	**8,462**	**18**	**12**	2,855	5	8
	Options	**2,752**	**15**	**9**	7,243	71	70
	Subtotal	**1,422,095**	**24,370**	**20,617**	1,165,504	18,960	17,483
Other							
OTC	Equity, commodity and other	**1,540,334**	**11,271**	**10,340**	511,791	4,747	4,589
	Equity options (purchased)	**29,467**	**4,579**	**–**	24,116	3,507	–
	Equity options (sold)	**27,630**	**–**	**5,495**	26,987	–	2,472
Exchange	Equity, commodity and other	**12,439**	**338**	**27**	12,389	288	23
	Equity options (purchased)	**20,571**	**2,013**	**–**	14,848	1,070	–
	Equity options (sold)	**22,916**	**–**	**2,461**	15,794	–	1,037
	Subtotal	**1,653,357**	**18,201**	**18,323**	605,925	9,612	8,121
Total		**10,098,897**	**105,334**	**99,503**	7,557,949	105,372	96,528

For an analysis of the market and liquidity risks involved, please refer to note 39.

16 Financial investments

	2006	2005
Interest-earning securities: available-for-sale		
Dutch government	**2,537**	2,781
US treasury and US government	**4,800**	6,618
Other OECD governments	**38,437**	51,760
Mortgage-backed securities	**14,655**	12,100
Other interest-earning securities	**57,129**	39,918
Subtotal	**117,558**	113,177
Interest-earning securities: held-to-maturity		
Dutch government	**1,285**	2,136
US treasury and US government	**14**	22
Other OECD governments	**2,001**	3,660
Mortgage-backed securities	**26**	36
Other interest-earning securities	**403**	718
Subtotal	**3,729**	6,572
Total	**121,287**	119,749
Equity investments		
Available for sale	**1,866**	2,337
Designated at fair value through income	**2,228**	1,688
Subtotal	**4,094**	4,025
Total	**125,381**	123,774

Other interest-earning securities include investments in covered bonds. Income from debt and other fixed-income instruments is recognised using the effective interest method in interest income. Dividend income from other equity instruments is recognised in results from financial transactions.

17 Loans and receivables – banks

This item is comprised of amounts due from or deposited with banking institutions.

	2006	2005
Current accounts	**9,473**	5,479
Time deposits placed	**15,396**	11,613
Professional securities transactions **33**	**105,969**	87,281
Loans to banks	**3,986**	4,279
Subtotal	**134,824**	108,652
Allowances for impairment **19**	**(5)**	(17)
Total	**134,819**	108,635

The movements during the year are mainly due to an increase in professional securities transactions in the UK.

18 Loans and receivables – customers

This item is comprised of amounts receivable, mainly regarding loans and mortgages balances with non-bank customers.

	2006	2005
Public sector	**11,567**	7,461
Commercial	**180,262**	152,411
Consumer	**135,484**	122,708
Professional securities transactions **33**	**93,716**	74,724
Multi-seller conduits	**25,872**	25,931
Subtotal	**446,901**	383,235
Allowances for impairment **19**	**(3,646)**	(2,987)
Total	**443,255**	380,248

The increase year-on-year reflects the consolidation of Antonveneta, impact EUR 38 billion, and growth in the loan portfolio of BU Asia and BU Latin America.

The amount advanced held by multi-seller conduits is typically collateralised by a pool of customer receivables in excess of the amount advanced, such that credit risk is very low (see note 39). These conduits issue commercial paper as specified in note 26.

The risk management disclosures section on credit risk (see note 39) contains information about the concentration of credit risk by business sector and geographical location, as well as a breakdown of the amounts by type of collateral.

19 Loan impairment charges and allowances

	2006	2005
Balance at 1 January	**3,004**	3,177
Loan impairment charges and other credit risk provisions:		
New impairment allowances	**2,563**	1,409
Reversal of impairment allowances no longer required	**(455)**	(544)
Recoveries of amounts previously written off	**(253)**	(236)
Other credit related charges	**–**	6
Total loan impairment and other credit risk provisions	**1,855**	635
Amount recorded in interest income from unwinding of discounting	**(62)**	(32)
Currency translation differences	**(56)**	208
Amounts written off (net)	**(1,136)**	(1,070)
Disposals of businesses and discontinued operations	**(70)**	13
Reserve for unearned interest accrued on impaired loans	**116**	73
Balance at 31 December	**3,651**	3,004

All loans are assessed for potential impairment either individually and/or on a portfolio basis. The allowance for impairment is apportioned as follows:

	2006	2005
Commercial loans	**2,344**	2,146
Consumer loans	**1,302**	841
Loans to banks	**5**	17
Total	**3,651**	3,004

Loan provisioning-commercial loans

The Group reviews the status of credit facilities issued to commercial clients at least every 6 or 12 months. Additionally, credit officers continually monitor the quality of the credit, the client and the adherence to contractual conditions. Should the quality of a loan or the borrower's financial position deteriorate to the extent that doubts arise over the borrower's ability to meet their contractual obligations, management of the relationship is transferred to the Financial Restructuring and Recovery function.

After making an assessment, Financial Restructuring and Recovery determines the amount, if any, of the specific allowances that should be made, after taking into account the value of collateral. We partly or fully release specific allowances when the debt is repaid or expected future cash flows improve due to positive changes in economic or financial circumstances.

Loan provisioning-consumer loan products

The bank offers a wide range of consumer loan products and programmes such as personal loans, home mortgages, credit cards and home improvement loans. Provisioning for these products is carried out on a portfolio basis, with a specific provision for each product being determined by the portfolio's size and loss experience.

Our consumer loan portfolio policy states that, in general, when interest or principal on a consumer loan is 90 days or more past due, such loans are classified as non-performing and as a result the loans are considered impaired.

Provisions for a given portfolio may be released where there is improvement in the quality of the portfolio. For consumer loans, our write-off rules are time-based and vary by type of product. For example, unsecured facilities, such as credit cards and personal loans, are generally written off at 180 days past due and cash-backed and debt and/or equity-backed facilities are generally written off at 90 days past due.

Allowance for incurred but not identified losses

In addition to impairment allowances calculated on a specific or portfolio basis, the Group also maintains an allowance to cover undetected impairments existing within loans due to delays in obtaining information that would indicate that losses exist at the balance sheet date.

20 Equity accounted investments

	2006	2005
Banking institutions	**1,436**	2,885
Other investments	**91**	108
Total	**1,527**	2,993

Balance at 1 January	**2,993**	1,428
Movements:		
Purchases	**194**	1,554
Sales/reclassifications	**(1,833)**	(265)
Share of results in equity accounted investments	**243**	263
Dividends received from equity accounted investments	**(72)**	(63)
Currency translation differences	**(43)**	31
Other	**45**	45
Balance at 31 December	**1,527**	2,993

In this balance an 8.6% interest in Capitalia is included. ABN AMRO equity accounts for this interest because ABN AMRO is the largest party of a shareholder pact and has representation in the Supervisory Board.

Reclassifications mainly relate to Antonveneta, which became a consolidated operating entity as of 2 January 2006.

Purchases in 2005 include our increased stake in Antonveneta. During 2005 our investment in Kereskedelmi és Hitelbank Rt. was reclassified to available-for-sale assets upon the loss of significant influence, prior to being sold in 2006.

Included in the Group's cash flow hedging and available-for-sale reserve is EUR 53 million (2005: EUR 95 million) of unrealised gains relating to equity accounted investments.

Investments with a book value of EUR 875 million (2005: EUR 2,345 million) that are traded on a recognised stock exchange had a combined market value of EUR 1,601 million (2005: EUR 3,399 million).

Amounts receivable from and payable to equity accounted investments included in the various balance sheet items totalled:

	2006	2005
Loans and receivables – banks	**11**	1,151
Loans and receivables – customers	**212**	495
Due to banks	**61**	138
Due to customers	**258**	246

The principal equity accounted investments of the Group on an aggregated basis (not adjusted for the Group's proportionate interest) have the following balance sheet and income statement totals:

	2006	2005
Total assets	**155,000**	192,927
Total liabilities	**134,741**	180,577
Total operating income	**7,432**	8,887
Profit before tax	**2,355**	1,524

21 Property and equipment

The book value of property and equipment in 2006 and 2005 changed as follows:

	Property			
	Used in operations	Other	Equipment	Total
Balance at 1 January 2006	3,340	2,979	1,791	8,110
Movements:				
Business combinations	1,010	98	215	1,323
Divestment of businesses	(269)	(2,846)	(171)	(3,286)
Additions	450	783	688	1,921
Disposals	(108)	(767)	(148)	(1,023)
Impairment losses	(17)	–	–	(17)
Depreciation	(203)	(4)	(551)	(758)
Currency translation differences	(93)	(7)	(43)	(143)
Other	153	11	(21)	143
Balance at 31 December 2006	4,263	247	1,760	6,270
Representing:				
Cost	5,881	276	4,448	10,605
Cumulative impairment	(44)	(17)	(4)	(65)
Cumulative depreciation	(1,574)	(12)	(2,684)	(4,270)

	Property			
	Used in operations	Other	Equipment	Total
Balance at 1 January 2005	2,994	2,677	1,502	7,173
Movements:				
Business combinations	308	24	508	840
Divestment of businesses	(36)	(182)	(186)	(404)
Additions	379	763	453	1,595
Disposals	(294)	(722)	(45)	(1,061)
Impairment losses	(13)	(11)	(1)	(25)
Depreciation	(145)	–	(538)	(683)
Discontinued operations	(2)	391	2	391
Currency translation differences	149	39	96	284
Balance at 31 December 2005	3,340	2,979	1,791	8,110
Representing:				
Cost	4,802	3,091	3,801	11,694
Cumulative impairment	(48)	(103)	(2)	(153)
Cumulative depreciation	(1,414)	(9)	(2,008)	(3,431)

Divestment of businesses in 2006 mainly relates to development property of Bouwfonds.

As lessee

The Group leases equipment under a number of finance lease agreements. At 31 December 2006 the net carrying amount of leased equipment included in property and equipment was EUR 8 million (2005: EUR 23 million).

As lessor

The Group also leases out various assets, included in 'Other', under operating leases. Non-cancellable operating lease rentals are as follows:

	2006	2005
Less than one year	**56**	27
Between one and five years	**140**	100
More than five years	**49**	30
	245	157

During the year ended 31 December 2006, EUR 59 million (2005: EUR 60 million) was recognised as rental income in the income statement and EUR 48 million (2005: EUR 51 million) in respect of directly related expenses.

22 Goodwill and other intangible assets

	2006	2005
Goodwill	**4,714**	198
Private equity goodwill	**2,436**	2,128
Software	**959**	758
Other intangibles	**1,298**	99
Subtotal	**9,407**	3,183
Mortgage servicing rights	**–**	1,985
Total	**9,407**	5,168

The book value of goodwill and other intangibles, excluding mortgage servicing rights, changed as follows:

	Goodwill	Private equity goodwill	Software	Other intangibles	Total
Balance at 1 January 2006	198	2,128	758	99	3,183
Movements:					
Business combinations	4,399	270	133	1,095	5,897
Divestments of businesses	–	(171)	(1)	(35)	(207)
Other additions	115	297	485	315	1,212
Disposals	–	(87)	(6)	(6)	(99)
Impairment losses	–	(1)	–	–	(1)
Amortisation	–	–	(385)	(170)	(555)
Currency translation differences	2	–	(36)	(1)	(35)
Other	–	–	11	1	12
Balance at 31 December 2006	4,714	2,436	959	1,298	9,407
Representing:					
Cost	4,716	2,580	2,133	1,486	10,915
Cumulative impairment	(2)	(144)	(3)	–	(149)
Cumulative amortisation	–	–	(1,171)	(188)	(1,359)

	Goodwill	Private equity goodwill	Software	Other intangibles	Total
Balance at 1 January 2005	67	877	602	93	1,639
Movements:					
Business combinations	35	1,281	5	51	1,372
Divestments of businesses	(2)	(91)	(14)	(70)	(177)
Other additions	97	80	425	42	644
Disposals	–	–	(9)	–	(9)
Impairments	–	(19)	(1)	–	(20)
Amortisation	–	–	(272)	(16)	(288)
Discontinued operations	–	–	(7)	(2)	(9)
Currency translation differences	1	–	29	1	31
Balance at 31 December 2005	198	2,128	758	99	3,183
Representing:					
Cost	200	2,271	1,572	120	4,163
Cumulative impairment	(2)	(143)	(15)	–	(160)
Cumulative amortisation	–	–	(799)	(21)	(820)

Business combinations

On 2 January 2006 the Group acquired Antonveneta, refer to note 2 for further details. The fair values of the identifiable assets and liabilities of Antonveneta as at 2 January 2006, and the goodwill arising on acquisition are as follows:

	Recognised on acquisition by by the group	Carrying value Antonveneta
Intangible assets	1,233	848
Property and equipment	752	751
Financial assets	43,058	41,936
Deferred tax assets	958	736
All other assets	3,366	3,461
Total identifiable assets	49,367	47,732
Deferred tax liabilities	654	147
All other liabilities	45,463	44,487
Total identifiable liabilities	46,117	44,634
Total net assets	3,250	3,098
Purchase price (100%)	7,499	
Net assets	(3,250)	
Fair value adjustment of pre-existing 12.7% investment included in shareholders' equity	150	
Goodwill arising on acquisition of 100% outstanding shares	4,399	

Impairment testing of goodwill

Goodwill has been allocated for impairment testing purposes to individual cash-generating units within the business. The EUR 4,399 million of goodwill allocated to the Antonveneta cash-generating unit is the only significant individual carrying amount. The remaining goodwill is allocated across multiple cash-generating units whose recoverable amounts are assessed independently of one another.

The recoverable amount of Antonveneta has been determined based on a value in use basis, calculated using a discounted dividend model, which applies a dividend payout ratio to the cash flow of the business.

Cash flows for an initial five-year period are based on financial forecasts used in target setting by management, in this case a two-year detailed forecast with subsequent three-year extrapolation. Beyond the initial five-year period a maximum dividend payout ratio, subject to the special features of the banking business and its regulatory environment has been applied to cash flows estimated with reference to the following key assumptions:

- Expected long term return on equity 18.0%
- Expected growth rate 1.5%.

Management has benchmarked these key assumptions against market forecasts and expectations. The dividend model is based on post-tax cash flows. Therefore these cash flows have been discounted using a post-tax discount rate of 8.5%, reflecting the risk-free interest rate with an appropriate market risk premium for the business.

Management believes that it may be reasonably possible that changes in the key assumptions would cause the carrying amount of the Antonveneta cash-generating unit to exceed its recoverable amount. The calculated recoverable amount of Antonveneta currently exceeds its carrying amount by EUR 126 million. The recoverable amount of Antonveneta would be equal to its carrying amount if the actual value of each key assumption, assuming the other assumptions were constant, was as follows:

- Actual growth rate fell to 1.3%
- Actual return on equity fell to 17.7%, or
- Discount rate increased to 8.6%.

Other Intangibles

As a result of the acquisition of Antonveneta, the Group has recognised newly identifiable intangible assets as follows:

Core deposit intangible assets	400
Core overdraft intangible assets	224
Other customer relationship intangible assets	325
Other intangible assets	245
Total	1,194

The amortisation period for all newly identifiable intangible assets is on average approximately 8 years. The Group estimates that the total amortisation expense (pre-tax) related to the newly identifiable intangible assets amounts to EUR 174 million in each of the next two years up to and including 2008, and to EUR 142 million for 2009 and to EUR 135 million for each of the three years thereafter up to and including 2012.

23 Other assets

	2006	2005
Deferred tax assets **30**	**3,479**	2,682
Current tax assets	**1,189**	337
Derivative assets used for hedging **37**	**3,214**	3,213
Mortgages originated-for-sale	**331**	4,311
Unit-linked investments held for policyholder accounts	**5,462**	3,624
Pension assets **28**	**145**	119
Other assets of consolidated private equity holdings, including inventories	**1,733**	1,531
Sundry assets and other receivables	**11,659**	9,733
Total	**27,212**	25,550

Mortgages originated-for-sale and unit-linked investments held for policyholders are designated at fair value with changes through income. Mortgages originated-for-sale are originated by our mortgage banking business in North America. In the prior year, the volume of originated-for-sale loans was significantly higher due to the inclusion of those loans originated by ABN AMRO Mortgage Group, Inc., which is now classified as held for sale.

Sundry assets include insurance related deposits and other short-term receivables.

24 Due to banks

This item is comprised of amounts due to banking institutions, including central banks and multilateral development banks.

	2006	2005
Professional securities transactions **33**	**87,762**	71,231
Current accounts	**20,273**	23,573
Time deposits	**70,127**	63,836
Advances from Federal Home Loan banks	**7,293**	7,239
Other	**2,534**	1,942
Total	**187,989**	167,821

25 Due to customers

This item comprises amounts due to non-banking customers.

	2006	2005
Consumer current accounts	**35,358**	21,502
Commercial current accounts	**75,689**	67,133
Consumer savings accounts	**89,893**	84,166
Commercial deposit accounts	**96,577**	87,099
Professional securities transactions **33**	**57,828**	48,982
Other	**7,038**	8,201
Total	**362,383**	317,083

26 Issued debt securities

	2006		2005	
	Effective rate %		Effective rate %	
Bonds and notes issued	**4.1**	**117,122**	3.2	90,050
Certificates of deposit and commercial paper	**4.8**	**56,375**	2.9	51,873
Cash notes, savings certificates and bank certificates	**5.6**	**2,269**	4.2	2,657
Subtotal		**175,766**		144,580
Commercial paper issued by multi-seller conduits	**5.0**	**26,280**	3.4	26,039
Total		**202,046**		170,619

Bonds are issued in the capital markets with a focus on the euro market and are denominated mostly in euro and US dollars. The commercial paper programmes are issued globally with the majority issued in the United States and Europe. The other debt securities are instruments used in markets in which ABN AMRO is active and are usually denominated in local currencies. Of the total amount, EUR 75.3 billion (2005: EUR 60.6 billion) are variable interest bearing securities. EUR 20.1 billion (2005: EUR 16.5 billion) of issued debt of a fixed rate nature has been designated in fair value hedge relationships.

Issued debt securities in (currency):

	2006	2005
EUR	**95,452**	77,660
USD	**84,308**	75,243
Other	**22,286**	17,716
Total	**202,046**	170,619

Included in the balance above are various structured liabilities that have been designated at fair value through income due to the inclusion of embedded derivative features. These liabilities had a fair value at 31 December 2006 of EUR 2,540 million (2005: EUR 2,815 million) and an amortised cost value of EUR 2,661 million (2005: EUR 2,882 million).

Maturity analysis

	2006	2005
Within one year	**103,531**	102,368
After one and within two years	**18,231**	11,770
After two and within three years	**19,380**	7,175
After three and within four years	**13,402**	7,521
After four and within five years	**7,903**	8,082
After five years	**39,599**	33,703
Total	**202,046**	170,619

27 Provisions

	2006	2005
Provision for pension commitments **28**	**649**	942
Provision for contributions to post-retirement healthcare **28**	**111**	101
Other staff provision	**672**	459
Insurance fund liabilities	**4,080**	3,169
Restructuring provision	**415**	501
Other provisions	**1,923**	1,239
Total	**7,850**	6,411

The other staff provisions relate in particular to occupational disability and other benefits, except early retirement benefits, payable to non-active employees. Provisions created for staff benefit schemes due to restructuring are accounted for as restructuring provision. Insurance fund liabilities include the actuarial reserves and the premium and claims reserves of the Group's insurance companies.

	Other staff provisions	Restructuring	Other provisions
Balance at 1 January 2006	459	501	1,239
Movements:			
Additions from income statement	74	126	430
Expenses charged to provisions	(203)	(178)	(512)
Acquisitions/disposals	89	(40)	416
Currency translation differences	(15)	(8)	(26)
Other	268	14	376
Balance at 31 December 2006	672	415	1,923

	Other staff provisions	Restructuring	Other provisions
Balance at 1 January 2005	448	752	880
Movements:			
Additions from income statement	316	33	513
Expenses charged to provisions	(320)	(298)	(289)
Acquisitions/disposals	–	–	28
Currency translation differences	15	14	107
Balance at 31 December 2005	459	501	1,239

Insurance fund liabilities movements are as follows:

	2006	2005
Balance at 1 January	**3,169**	3,111
Premium carried from income statement	**370**	294
Claims paid	**(210)**	(14)
Interest	**21**	34
Acquisitions/disposals	**825**	(637)
Changes in estimates and other movements	**(78)**	97
Currency translation differences	**(17)**	284
Balance at 31 December	**4,080**	3,169

28 Pension and other post-retirement employee benefits

Pension costs and contributions for post-retirement healthcare borne by the Group are included in personnel expenses and are shown in the following table:

	Pension		Healthcare	
	2006	2005	**2006**	2005
Service cost	**374**	320	**5**	24
Interest cost	**529**	510	**10**	39
Expected return on plan assets	**(632)**	(585)	**(5)**	(5)
Net amortisation of net actuarial (gain) / loss	**27**	1	**(1)**	9
Net amortisation of prior-service cost	**(72)**	1	**–**	–
(Gain) / loss on curtailment or settlements	**1**	(11)	**–**	(453)
Defined benefit plans	**227**	236	**9**	(386)
Defined contribution plans	**168**	161	**–**	–
Total costs	**395**	397	**9**	(386)

Liability for defined benefit obligations

The Group makes contributions to 44 (2005: 58) defined benefit plans that provide pension benefits for employees upon retirement. The amounts recognised in the balance sheet are as follows:

	Pension		Healthcare	
	2006	2005	**2006**	2005
Present value of funded obligations	**12,167**	12,316	**81**	88
Present value of unfunded obligations	**134**	87	**58**	51
Less: Fair value of plan assets	**11,149**	10,212	**60**	63
Present value of net obligations	**1,152**	2,191	**79**	76
Unrecognised prior year service cost	**(7)**	(10)	**–**	–
Unrecognised actuarial (losses) / gains	**(683)**	(1,400)	**32**	25
Unrecognised assets	**42**	42	**–**	–
Net recognised liability for defined benefit obligations	**504**	823	**111**	101

Included in the net recognised liability for pension is a pension asset of EUR 145 million (2005: EUR 119 million).

Movements in the net liability / asset recognised in the balance sheet are as follows:

	Pension		Healthcare	
	2006	2005	**2006**	2005
Net liability at 1 January	**823**	1,144	**101**	524
Acquisition/disposals	**30**	(1)	**–**	–
Contributions paid	**(582)**	(572)	**(6)**	(56)
Expense recognised in the income statement	**227**	236	**9**	(386)
Currency translation differences	**6**	16	**7**	19
Net liability at 31 December	**504**	823	**111**	101

Explanation of the assets and liabilities

The following tables summarise the changes in benefit obligations and plan assets of the main pension plans and other employee benefit plans.

Movements in projected benefit obligations:

	Pension		Healthcare	
	2006	2005	**2006**	2005
Balance at 1 January	**12,403**	10,715	**139**	760
Service cost	**374**	320	**5**	24
Interest cost	**529**	510	**10**	39
Employee contributions/refunds	**5**	15	**–**	–
Actuarial (gain)/loss	**(518)**	925	**(3)**	45
Benefits paid	**(333)**	(312)	**(9)**	(50)
Acquisitions/disposals	**30**	(1)	**–**	–
Plan amendments	**(87)**	2	**–**	–
Settlement/curtailment	**(2)**	(25)	**–**	(707)
Currency translation differences	**(100)**	212	**(10)**	28
Other	**–**	42	**7**	–
Balance at 31 December	**12,301**	12,403	**139**	139

Movements in fair value of plan assets:

	Pension		Healthcare	
	2006	2005	**2006**	2005
Balance at 1 January	**10,212**	8,754	**63**	46
Actual return on plan assets	**782**	984	**7**	2
Employee contributions/refunds	**5**	15	**–**	–
Employer's contribution	**571**	572	**–**	9
Benefits paid	**(322)**	(298)	**(3)**	(3)
Currency translation differences	**(100)**	195	**(7)**	9
Recognised settlement/curtailment	**–**	(10)	**–**	–
Other	**1**	–	**–**	–
Balance at 31 December	**11,149**	10,212	**60**	63

The weighted averages of the main actuarial assumptions used to determine the value of the provisions for pension obligations and contributions to health insurance as at 31 December were as follows:

	2006	2005
Pensions		
Discount rate	**4.6%**	4.3%
Expected increment in salaries	**2.8%**	2.4%
Expected return on investments	**6.0%**	6.2%
Healthcare		
Discount rate	**8.2%**	7.8%
Average rise in the costs of healthcare	**9.0%**	9.5%

The expected return on investments regarding pension obligations is weighted on the basis of the fair value of these investments. The average rise in cost of healthcare is weighted on the basis of the healthcare cost of 2006. All other assumptions are weighted on the basis of the defined benefit plan obligations.

For the pension plans, the target and actual allocation of the plan assets are as follows:

Allocation of plan assets

	Target allocation 2006	Actual allocation 2006	Actual allocation 2005
Plan asset category			
Equity securities	53.2%	53.2%	52.8%
Issued debt securities	46.1%	45.6%	45.3%
Real estate	0.3%	0.2%	0.1%
Other	0.4%	1.0%	1.8%
Total	100.0%	100.0%	100.0%

Plan assets for 2006 and 2005 do not include investments in ordinary shares, debt issued or property occupied by the Group.

Forecast of pension benefits payments

2007	338
2008	357
2009	386
2010	417
2011	447
Years after 2011	2,663

The Group's expected contribution to be paid to defined pension schemes in 2007 is EUR 407 million (2006: EUR 598 million).

A one percentage point change in the assumed rate of increase in healthcare costs would have the following effects:

	Increase	Decrease
2006		
Effect on the aggregate current service cost and interest cost	**2**	(1)
Effect on the defined benefit obligation	**9**	(7)
2005		
Effect on the aggregate current service cost and interest cost	**1**	(1)
Effect on the defined benefit obligation	**11**	(9)

Amounts for current and previous periods, under which the Group reported under IFRS, are as follows:

	2006	2005	2004
Pension			
Defined benefit obligation	**(12,301)**	(12,403)	(10,715)
Plan assets	**11,149**	10,212	8,754
(Deficit) / surplus	**(1,152)**	(2,191)	(1,961)
Experience adjustments on plan liabilities	**518**	(925)	(962)
Experience adjustments on plan assets	**150**	399	63
Healthcare			
Defined benefit obligation	**(139)**	(139)	(760)
Plan assets	**60**	63	46
(Deficit) / surplus	**(79)**	(76)	(714)
Experience adjustments on plan liabilities	**3**	(45)	(192)
Experience adjustments on plan assets	**2**	(3)	2

29 Other liabilities

	2006	2005
Deferred tax liabilities **30**	**2,463**	2,471
Current tax liabilities	**2,026**	1,032
Derivative liabilities used for hedging **37**	**3,965**	4,712
Liability to unit-linked policyholders	**5,462**	3,624
Other liabilities of consolidated private equity holdings	**1,053**	768
Sundry liabilities and other payables	**7,008**	6,116
Total	**21,977**	18,723

30 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Recognised in income	
	2006	2005	**2006**	2005	**2006**	2005
Property and equipment	**9**	44	**160**	155	**(151)**	(111)
Intangible assets including goodwill	**613**	341	**457**	–	**156**	341
Derivatives	**68**	52	**128**	330	**(60)**	(278)
Investment securities	**170**	127	**170**	146	**-**	(19)
Employee benefits	**288**	471	**-**	12	**288**	459
Servicing rights	**1**	–	**521**	613	**(520)**	(613)
Allowances for loan losses	**978**	650	**-**	42	**978**	608
Leasing	**–**	–	**399**	469	**(399)**	(469)
Tax credits	**13**	77	**-**	–	**13**	77
Other	**389**	309	**61**	193	**328**	116
Tax value of carry-forward losses recognised	**950**	611	**567**	511	**383**	100
Total	**3,479**	2,682	**2,463**	2,471	**1,016**	211

Unrecognised deferred tax assets

Deferred tax assets that have not been recognised in respect of carry-forward losses amount to EUR 898 million (2005: EUR 252 million). Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available where the Group can utilise the benefits from them.

Expiration of carry-forward losses

At 31 December 2006 carry-forward losses expire as follows:

2007	19
2008	116
2009	27
2010	50
2011	69
Years after 2011	2,455
Total	2,736

Tax exposure to distributable reserves

ABN AMRO considers approximately EUR 1.4 billion (2005: EUR 2.1 billion) in distributable invested equity of foreign operations to be permanently invested. If retained earnings were to be distributed, no foreign income taxes would have to be paid. The estimated impact of foreign withholding tax is EUR 6 million (2005: EUR 9 million).

31 Subordinated liabilities

Issued liabilities qualify as subordinated debt if claims by the holders are subordinated to all other current and future liabilities of, respectively, ABN AMRO Holding N.V, ABN AMRO Bank N.V. and other Group companies. These liabilities qualify as capital, taking into account remaining maturities, for the purpose of determining the consolidated capital adequacy ratio for the Dutch central bank.

The maturity profile of subordinated liabilities is as follows:

	2006	2005
Within one year	**1,384**	1,156
After one and within two years	**726**	1,452
After two and within three years	**2,165**	704
After three and within four years	**811**	1,550
After four and within five years	**21**	1,395
After five years	**14,106**	12,815
Total	**19,213**	19,072

The average interest rate on subordinated liabilities was 5.2% (2005: 5.4%). Subordinated liabilities as at 31 December 2006 denominated in euros amounted to EUR 10,259 million (2005: EUR 9,240 million) and in US dollars an amount of EUR 7,332 million (2005: EUR 9,745 million). EUR 8,522 million (2005: EUR 5,703 million) is of a variable interest rate nature.

The following table analyses the subordinated liabilities by issuer:

	2006	2005
ABN AMRO Holding N.V. preference financing shares	**768**	768
ABN AMRO Bank N.V.	**13,101**	13,051
Other Group companies	**5,344**	5,253
Total	**19,213**	19,072

Total subordinated liabilities include EUR 6,122 million (2005: EUR 5,261 million) which qualify as tier 1 capital for capital adequacy purposes.

Preference financing shares

At 31 December 2006, 2005 and 2004, there were 1,369,815,864 (EUR 767,096,884) preference financing shares convertible into ordinary shares ('preference shares') in issue. Each share has a nominal value of EUR 0.56. The holders of these shares will receive a dividend of EUR 0.02604 per share, representing 4.65% of the face value. As of 1 January 2011, and every ten years thereafter, the dividend percentage on the preference shares will be adjusted in line with the arithmetical average of the ten-year euro-denominated interest rate swap as published by Reuters on the dividend calculation dates thereof, plus an increment to be set by the Managing Board with the approval of the Supervisory Board, of no less than 25 basis points and no more than one hundred basis points, depending on the market situation at that time.

(Formerly convertible) preference shares

Only 44,988 (EUR 100.8 million par value) preference shares that were formerly convertible into ordinary shares ('convertible shares') remain outstanding. The holders of these shares will receive a dividend of EUR 0.95 per share, representing 3.32% of the amount paid on each share as of 1 January 2004. As of 1 January 2014, and every ten years thereafter, the dividend on the convertible preference shares will be adjusted in the manner described in the Articles of Association.

32 Share capital

The table below provides a breakdown of our issued share capital, issued and fully paid ordinary shares, treasury shares, preference financing shares and (formerly convertible) preference shares.

		Nominal value	Millions of euros
Issued share capital			
Authorised			
4,000,000,400	ordinary shares	of EUR 0.56	2,240
4,000,000,000	convertible financing preference shares	of EUR 0.56	2,240
100,000,000	convertible preference shares	of EUR 2.24	224

	Number	Millions of euros
Ordinary shares		
Issued and fully paid		
At 1 January 2006	1,909,738,427	1,069
Exercised options and warrants	27,109,089	16
Balance at 31 December 2006	1,936,847,516	1,085
At 1 January 2005	1,702,888,861	954
New issue	145,278,482	82
Dividends paid in shares	61,571,084	33
Balance at 31 December 2005	1,909,738,427	1,069
At 1 January 2004	1,643,220,517	919
Exercised options and warrants	3,159,695	2
Dividends paid in shares	56,508,649	33
Balance at 31 December 2004	1,702,888,861	954

There are no issued ordinary shares that have not been fully paid.

	Number	Millions of euros
Treasury shares		
At 1 January 2006	31,818,402	600
Used for options exercised and performance share plans	(8,454,965)	(143)
Share buy back	95,899,360	2,204
Dividends paid in shares	(36,202,072)	(832)
Balance at 31 December 2006	83,060,725	1,829
At 1 January 2005	33,686,644	632
Used for options exercised	(1,868,242)	(32)
Balance at 31 December 2005	31,818,402	600
At 1 January 2004	5,337,689	119
Share buy back	28,348,955	513
Balance at 31 December 2004	33,686,644	632

33 Professional securities transactions

Professional security transactions include balances relating to reverse repurchase activities, cash collateral on securities borrowed and security settlement accounts. The Group minimises credit risk associated with these activities by monitoring counterparty credit exposure and collateral values on a daily basis and requiring additional collateral to be deposited with or returned to the Group when deemed necessary.

	2006		2005	
	Banks	Customers	Banks	Customers
Assets				
Cash advanced under securities borrowing	**1,268**	**47,422**	662	29,811
Reverse repurchase agreements	**101,593**	**35,365**	83,260	29,548
Unsettled securities transactions	**3,108**	**10,929**	3,359	15,365
Total	**105,969**	**93,716**	87,281	74,724
Liabilities				
Cash received under securities lending	**1,289**	**7,203**	1,715	7,616
Repurchase agreements	**83,687**	**42,848**	65,891	26,982
Unsettled securities transactions	**2,786**	**7,777**	3,625	14,384
Total	**87,762**	**57,828**	71,231	48,982

Under reverse repurchase, securities borrowing, and other collateralised arrangements, the Group obtains securities on terms which permit it to repledge or resell the securities to others.

	2006	2005
Securities received under reverse repurchase and/or securities borrowing arrangements which can be repledged or resold	**40,149**	66,676
Of the above amount, the amount that has either been repledged or otherwise transferred to others in connection with the Group's financing activities or to satisfy its commitments under short sale transactions	**35,700**	27,329

34 Securitisations and assets pledged as security

Details of the carrying amounts of assets pledged as collateral are as follows:

	2006	2005
Cash and balances at central banks	**10,430**	10,737
Financial investments	**2,780**	12,074
Loans and receivables – customers	**7,302**	32,656
Total	**20,512**	55,467

These assets have been pledged in respect of the following liabilities and contingent liabilities:

	2006	2005
Due to banks	**9,355**	17,782
Due to customers	**741**	4,266
Issued debt securities	**3**	21,440
Total	**10,099**	43,488

The decrease in assets pledged as collateral and liabilities for which they have been pledged, is mainly the result of Bouwfonds non-mortgage business.

Securitisation

As part of the Group's funding and credit risk mitigation activities, the cash flows of selected financial assets are transferred to third parties. Substantially all financial assets included in these transactions are mortgage or other loan portfolios. The extent of the Group's continuing involvement in these financial assets varies by transaction.

The Group participates in sales transactions where cash flows relating to various financial assets are transferred to a consolidated special purpose entity (SPE). When in these transactions neither substantially all risks and rewards nor control over the financial assets has been transferred, the entire asset continues to be recognised in the consolidated balance sheet. In the case of sales transactions involving a consolidated SPE, the retained risks and rewards are usually interest related spread and/or an exposure on first credit losses. The carrying amounts of the assets and associated liabilities approximated EUR 5,554 million, EUR 6,290 million and EUR 7,786 million at 31 December 2006, 2005 and 2004, respectively.

Synthetic transactions

In addition the Group has synthetic securitisations for an amount of EUR 83,588 million (2005: EUR 59,255 million). Through a synthetic securitisation the Group is able to buy protection without actual transference of any assets to an SPE. In general, the Group as the owner of the assets, buys protection to transfer the credit risk of a portfolio of assets to another entity that sells the protection. Although the credit risk of the portfolio is transferred, actual ownership of the portfolio of assets remains with the Group.

Continuing involvement

Additionally the Group participates in various mortgage related transactions in the Netherlands that have been conducted without the involvement of an SPE. In these transactions, the derecognition criteria are not fully met and the entire asset continues to be recognised in the consolidated balance sheet. The Group also retains exposure to certain interest rate risks. The carrying amounts of these mortgage assets and associated liabilities approximate EUR 272 million, EUR 772 million and EUR 850 million at 31 December 2006, 2005 and 2004, respectively.

The Group has not participated in any transaction where partial derecognition of specified portions of an entire financial asset have occurred.

Credit default swaps

In addition to the transactions mentioned above, the Group also uses credit default swaps to reduce credit risk for parts of the loan portfolio by selling these risks directly to the capital markets. At 31 December 2006 the Group has bought credit protection for an amount of EUR 56,801 million (2005: EUR 30,352 million).

Derecognition

Though the Group has sold a part of its loan portfolio in North America, it still holds legal title to some of these loans. In most cases these loans are also serviced by the Group. The Group also services loans originated by other institutions. The following table states the total outstandings at 31 December 2006.

Transaction type

	2006	2005
Legal title to loans sold	**86**	136
Loans serviced for third parties	**159,377**	160,654

35 Commitments and contingent liabilities

Credit facilities

At any time the Group has outstanding commitments to extend credit. These commitments take the form of approved loans, overdraft facilities and credit card limits. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one to three months.

Guarantees

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These transactions have fixed limits and generally extend for a period of up to five years. Expirations are not concentrated in any particular period. The Group also provides guarantees by acting as a settlement agent in securities borrowing and lending transactions.

The contractual amounts of commitments and contingent liabilities are set out by category in the following table. The amounts stated in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if the relevant contract parties completely failed to perform as contracted.

Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. This means that the amounts stated do not represent expected future cash flows. Additionally, guarantees and letters of credit are supported by varying levels of collateral.

Aside from the items stated above, non-quantified guarantees have been given for the ABN AMRO's securities custody operations, for inter-bank bodies and institutions and for participating interests. Collective guarantee schemes are applicable to Group companies in various countries. Furthermore, statements of liability have been issued for a number of Group companies.

Our commitments at 31 December are summarised below.

(in millions of EUR)		Payments due by period			
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
2006					
Committed facilities	145,418	93,365	19,129	21,458	11,466
Commitments with respect to:					
Guarantees granted	46,026	27,506	8,432	3,448	6,640
Irrevocable letters of credit	5,241	4,823	301	78	39
Recourse risks arising from discounted bills	12	12	–	–	–
2005					
Committed facilities	141,010	82,165	17,801	24,269	16,775
Commitments with respect to:					
Guarantees granted	41,536	22,699	6,361	3,656	8,820
Irrevocable letters of credit	4,467	4,097	135	214	21
Recourse risks arising from discounted bills	18	18	–	–	–

Leases as lessee

Operating lease rentals are payable as follows:

	2006	2005
Less than one year	**367**	255
Between one and five years.	**693**	614
More than five years	**632**	912
	1,692	1,781

During 2006, EUR 403 million (2005: EUR 303 million) of operating lease expense and EUR 30 million (2005: EUR 48 million) of sub-lease income was recognised in income statement.

Contractual and contingent obligations

(in millions of EUR)		Payments due by period			
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
2006					
Issued debt securities **1**	202,046	103,531	37,611	21,305	39,599
Subordinated liabilities **1**	19,213	1,384	2,891	832	14,106
Purchase obligations	254	254	–	–	–
Other obligations	695,736	647,484	15,239	8,051	24,962
2005					
Issued debt securities **1**	170,619	102,368	17,300	17,248	33,703
Subordinated liabilities **1**	19,072	1,156	2,156	2,944	12,816
Purchase obligations	243	243	–	–	–
Other obligations	633,492	583,119	15,820	7,010	27,543

1 *Contractual obligations for finance lease agreements totaled EUR 5 million as of 31 December 2006 (2005: EUR 15 million), with EUR 1 million payable after one year (2005: EUR 5 million).*

At 31 December 2006, other obligations consisted of deposits and other client accounts (EUR 272,490 million, 2005: EUR 232,917), banks (EUR 187,989 million, 2005: EUR 167,821 million), savings accounts (EUR 89,893 million, 2005: EUR 84,166 million) and financial liabilities held for trading (EUR 145,364 million, 2005: EUR 148,588 million). For further information see note 39 to our consolidated financial statements. For an analysis of the maturities of our liabilities at 31 December, see note 39 (liquidity gap).

Other contingencies

Legal proceedings have been initiated against the Group in a number of jurisdictions, but on the basis of information currently available, and having taken legal counsel with legal advisors, the Group is of the opinion that the outcome of these proceedings net of any related insurance claims is unlikely to have a material adverse effect on the consolidated financial position and the consolidated profit of the Group.

36 Cash flow statement

The following table analyses the determination of cash and cash equivalents:

	2006	2005	2004
Cash and balances at central banks	**12,317**	16,657	17,896
Loans and receivables – banks	**9,464**	5,455	3,954
Due to banks	**(16,909)**	(16,069)	(13,247)
Cash and cash equivalents	**4,872**	6,043	8,603

The following table analyses movements resulting from acquisitions and disposals:

	2006	2005	2004
Cash and cash equivalents in acquired / disposed of subsidiaries	**(6,827)**	309	(157)
Net amounts paid/received in cash and cash equivalents on acquisitions/disposals of subsidiaries	**(209)**	57	(16)
	(7,036)	366	(173)
Net movement in assets and liabilities:			
Financial assets held for trading	**378**	(131)	–
Financial investments	**1**	(112)	–
Loans and receivables – banks	**491**	(866)	–
Loans and receivables – customers	**16,672**	186	(4)
Property and equipment	**(2,174)**	396	108
Other assets	**6,523**	1,109	366
Total assets	**21,981**	582	470
Due to banks	**(6,632)**	1,514	281
Due to customers	**9,659**	(812)	108
Issued debt securities	**8,655**	–	21
Accruals and deferred income	**(621)**	57	56
Subordinated liabilities	**1,842**	45	56
Other liabilities	**9,555**	(192)	(96)
Total liabilities	**22,458**	612	426
Cash flows from operating activities include:			
Interest received	**36,036**	29,388	25,154
Interest paid	**26,311**	21,456	16,659
Dividends received	**164**	158	170
Income taxes paid	**1,286**	1,056	511

The following table analyses movements in operating assets and liabilities:

	2006	2005	2004
Movement in operating assets:			
Financial assets held for trading	**(2,567)**	(28,235)	(47,100)
Loans and receivables	**(77,182)**	(60,516)	(73,145)
Net increase / (decrease) in accrued income and prepaid expenses	**(2,231)**	(1,586)	(121)
Net increase / (decrease) in other assets	**4,588**	(15,031)	1,023
Total movement in operating assets	**(77,392)**	(105,368)	(119,343)
Movement in operating liabilities:			
Financial liabilities held for trading	**(4,907)**	15,001	35,465
Due to banks	**19,930**	21,630	38,734
Due to customers	**44,365**	18,056	82
Issued debt securities maturing within 1 year	**13,048**	20,760	21,436
Provisions	**(75)**	(567)	380
Net increase / (decrease) in accrued expenses and deferred income	**3,129**	(126)	202
Net increase / (decrease) in other liabilities	**(10,509)**	5,707	2,423
Total movement in operating liabilities	**64,981**	80,461	98,722

37 Hedge accounting

The Group enters into various derivative instrument transactions to hedge risks on assets, liabilities, net investments and forecasted cash flows. The accounting treatment of the hedged item and the hedging derivative is dependent on whether the hedge relationship qualifies for hedge accounting. Qualifying hedges may be designated as either fair value or cash flow hedges.

Hedges not qualifying for hedge accounting

The fair value changes of derivative transactions used to hedge against economic risk exposures that do not qualify for hedge accounting, or for which it is not cost beneficial to apply hedge accounting, are recognised directly through income.

Derivatives designated and accounted for as hedging instruments

Fair value hedges

The Group's fair value hedges principally consist of interest rate swaps, interest rate options and cross currency interest rate swaps that are used to protect against changes in the fair value of fixed-rate assets, notably available-for-sale securities, and liabilities due to changes in market interest rates.

For qualifying fair values hedges, all changes in the fair value of the derivative and in the fair value of the hedged item for the risk being hedged are recognised in the income statement.

Cash flow hedges

For qualifying cash flow hedges, the effective portion of the change in the fair value of the hedge instrument is recorded in the cash flow hedge reserve and recognised in the income when the hedged item occurs. The ineffective portions of designated cash flow hedges are recorded in income immediately. If the hedge relationship is terminated, then the change in fair value of the derivative recorded in the hedge reserve is recognised when the cash flows that were hedged occur, consistent with the original hedge strategy. Gains and losses on derivatives reclassified from the cash flow hedge reserve to income are included in net interest income. The Group's main cash flow hedge programmes are operated by Group Asset and Liability Management and BU North America.

Cash flow hedge accounting for Group Asset and Liability Management

Cash flow hedge accounting operated by Group Asset and Liability Management relates to portfolio cash flow hedge accounting for the hedging activities of the Group's non-trading financial assets and liabilities.

The Group Asset and Liability Committee is the governing body for the risk management of the Group's banking portfolio and determines the interest rate risk level, sets risk measurement and modelling including applicable assumptions, sets limits, and is responsible for the asset and liability management policy.

ABN AMRO manages its exposure to interest rate risk per currency in the non-trading portfolios on a Group wide basis. In order to manage the sensitivity of the interest income per currency, the Group projects future interest income under different growth and interest rate scenarios. Systems are available to accumulate the relevant critical information throughout the Group about the existing financial assets, financial liabilities and forward commitments, including loan commitments. For the major currencies these positions are placed into a projected balance sheet available for asset liability management activities. The primary interest sensitive positions in the balance sheet stemming from the non-trading book are: loans and receivables, liabilities due to banks and customers, and issued debt securities.

The information gathered in the Group Asset and Liability Management's systems relates to the contractual terms and conditions, such as nominal amounts, currency, duration, interest basis, effective interest rate and interest re-pricing date. In addition other information such as estimates of prepayments, growth rate and interest scenarios is used in the interest sensitivity models of Group Asset and Liability Management. These assumptions are determined following agreed upon principles based amongst others on statistical market and client data and an economic outlook. Projected assets and liabilities are superimposed on the run-off of the currently existing positions. This information is used to create projected balance sheets that form the basis for measuring interest rate sensitivity. The new assets and liabilities and the future re-pricing of existing assets and liabilities are mapped to specific interest rate indices at the yield curve (i.e. one month, two months, three months, six months, one year, etc). In this way a new asset or liability that is for example based on a three months rate, is mapped to a specific three month rate index. For each projected month into the future, the assets and liabilities are grouped per interest rate-index and currency. The balance sheet projection that is embedded in the Group's interest rate risk management, not only allows the Group to estimate future interest income and perform scenario analysis, but also provides the opportunity to define the projected transactions that are eligible as hedged items in a cash flow hedge. The hedged positions are the monthly asset and liability clusters per currency and per interest rate index. These clusters are homogeneous in respect of the interest rate risk that is being hedged, because they are designed to:

(a) Share the interest rate risk exposure that is being hedged, and
(b) Be sensitive to interest rate changes proportional to the overall sensitivity to interest rate changes in the cluster.

ABN AMRO uses derivatives, mainly interest rate swaps, to offset identified exposures to interest rate risk in the projected balance sheet. For asset liability management purposes, assets and liabilities in a similar interest rate index cluster in a particular month are first considered as a natural off-set for economic hedging. A swap transaction may be entered into to risk manage the remaining interest income sensitivity. The notional amount of a pay- or receive-floating swap is designated to hedge the re-pricing cash flow exposure of a designated portion of current and forecasted assets and current and forecasted liabilities, respectively in the clusters described above. The swap transaction is designated for hedge accounting purposes as a hedge of a gross position of being a cluster of projected assets or a cluster of projected liabilities. As a result, the swap will only hedge an identified portion of a cluster of projected assets or projected liabilities. Also the swap will only hedge the applicable floating swap rate portion of the interest re-pricing and re-investment risk of the cluster.

The longer the term of the hedge, the larger the excess of available cash flows from projected assets or liabilities in the clusters has to be, given that the cash flow projections further in the future are inherently

less certain. The availability of an excess of cash flows in the clusters and the increase of excess over time is evaluated on a monthly basis.

Furthermore back testing is performed on the sensitivity model for interest risk management purposes. This back testing also supports cash flow hedge accounting. The back testing relates to the interest sensitivity models applied and the assumptions used in the information gathering process for the balance sheet projection. Historical data are used to review the assumptions applied.

Cash flow hedge accounting in North America

Cash flow hedge accounting is utilised in the North American operations to mitigate the variability of cash flows of certain interest-earning assets or certain interest-bearing liabilities caused by interest rate changes. Utilising interest rate swaps, the Group lengthens the duration (thus mitigating the interest rate variability) of forecasted cash flows attributable both to certain floating rate commercial loans and to the re-pricing of fixed rate, short term, wholesale liabilities. In all cases, the individual hedged forecasted cash flows are grouped with other items that share the same interest rate risk exposure, by reference to the rate index and frequency of re-pricing. In addition, the hedged forecasted cash flow may not be based on commercial loans with contractual terms that include an embedded interest rate cap or floor nor on floating rate loans considered 'at risk' for potential default during the hedge period (typically hedging designations are reviewed and adjusted, as required, monthly) as identified by the Group's internal credit rating system.

Hedges of net investments in foreign operations

As explained in note 39, the Group limits its exposure to investments in foreign operations by hedging its net investment in its foreign operations with forward foreign exchange contracts in the currency of the foreign operations or a closely correlated currency to mitigate foreign exchange risk.

For qualifying net investment hedges, changes in the fair value of the derivative are recorded in the currency translation account differences reserve within equity.

Overview of the fair value of hedging derivatives

	2006		2005	
	Positive	Negative	Positive	Negative
Qualifying for hedge accounting				
Fair value hedges				
Interest				
Swaps	**2,315**	**2,280**	2,228	2,198
Options and futures	**30**	**235**	–	940
Foreign currency				
Swaps	**339**	**399**	464	289
Forwards	**132**	**380**	2	2
Cash flow hedges				
Interest				
Swaps	**369**	**584**	452	1,283
Foreign currency				
Swaps	**3**	**7**	63	–
Forwards	**26**	**80**	4	–
Total	**3,214**	**3,965**	3,213	4,712

Notional amounts

	2006	2005
Interest rate risk	**234,643**	224,871
Foreign currency risk	**21,797**	142,222

38 Fair value information

Determination of fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market prices or market rates are used to determine fair value where an active market exists (such as a recognised stock exchange), as it is the best evidence of the fair value of a financial instrument.

Market prices are not, however, available for all financial assets and liabilities held and issued by the Group. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques using inputs based on market conditions existing at the balance sheet dates.

Valuation techniques are generally applied to OTC derivatives, unlisted trading portfolio assets and liabilities, and unlisted financial investments (including private equity investments). The most frequently applied pricing models and valuation techniques include forward pricing and swap models using present value calculations, option models such as the Black and Scholes model, and credit models such as default rate models or credit spread models.

The values derived from applying these techniques can be significantly affected by the choice of valuation model used and the underlying assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility, and credit risk.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments carried at fair value:

(i) Assets and liabilities held for trading are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or other recognised valuation techniques.

(ii) Financial investments classified as available for sale (interest-earning securities and equities) are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.

(iii) In general private equity investments fair values cannot be obtained directly from quoted market prices, or by using valuation techniques supported by observable market prices or rates. The fair value is estimated indirectly using valuation techniques or models for which the inputs are reasonable assumptions, based on market conditions. Valuation techniques applied are in accordance with EVCA (European Private Equity and Venture Capitalist Association) guidelines.

The following table presents the valuation methods used to determine fair values of financial instruments carried at fair value:

	Valuation techniques 2006			
	Quoted market price	Market observable	Non-market observable	Total
Financial assets				
Financial assets held for trading	100,032	104,233	1,471	205,736
Available-for-sale interest earning securities	100,450	7,912	9,196	117,558
Available-for-sale equities	1,313	340	213	1,866
Equities designated at fair value through income	534	951	743	2,228
Other assets – derivatives held for hedging	476	2,738	–	3,214
Other assets – unit-linked investments	5,252	210	–	5,462
Other assets – mortgages originated-for-sale	–	331	–	331
Total assets at fair value	208,057	116,715	11,623	336,395
Financial liabilities				
Financial liabilities held for trading	46,990	92,029	6,345	145,364
Issued debt	–	2,540	–	2,540
Other liabilities – unit-linked liability	5,252	210	–	5,462
Other liabilities – derivatives held for hedging	880	3,083	2	3,965
Total liabilities at fair value	53,122	97,862	6,347	157,331

	Valuation techniques 2005			
	Quoted market price	Market observable	Non-market observable	Total
Financial assets				
Financial assets held for trading	97,026	103,683	1,346	202,055
Available-for-sale interest earning securities	113,177	–	–	113,177
Available-for-sale equities	1,016	391	930	2,337
Equities designated at fair value through income	445	–	1,243	1,688
Other assets – derivatives held for hedging	–	3,213	–	3,213
Other assets – unit-linked investments	3,624	–	–	3,624
Other assets – mortgages originated-for-sale	–	4,311	–	4,311
Total assets at fair value	215,288	111,598	3,519	330,405
Financial liabilities				
Financial liabilities held for trading	52,410	95,570	608	148,588
Issued debt	–	2,815	–	2,815
Other liabilities – unit-linked liability	3,624	–	–	3,624
Other liabilities – derivatives held for hedging	–	4,712	–	4,712
Total liabilities at fair value	56,034	103,097	608	159,739

Sensitivity of fair values

Included in the fair value of financial instruments carried at fair value on the balance sheet are those estimated in full or in part using valuation techniques based on assumptions that are not supported by observable market prices or rates. The models used in these situations undergo an internal validation process before they are certified for use. Any related model valuation uncertainty is quantified, and deducted from the fair values produced by the models. Management believes the resulting estimated fair values recorded in the balance sheet and the changes in fair values recorded in the income statement are reasonable, and are the most appropriate values at the balance sheet date.

The potential effect of using reasonably possible alternative assumptions as inputs to valuation models, relying on non market-observable inputs, has been estimated as a reduction of approximately EUR 157 million (2005: EUR 150 million) using less favourable assumptions, and an increase of approximately EUR 157 million (2005: EUR 175 million) using more favourable assumptions.

The total amount of the change in fair value estimated using a valuation technique that was recognised in the profit and loss account for the year 2006 amounts to EUR 1,516 million (2005: EUR 1,354 million).

Assets and liabilities elected at fair value

The Group has elected to fair value non-controlling private equity investments, mortgages originated-for-sale and certain structured notes. The changes in fair value recognised in income on these assets and liabilities was a loss of EUR 141 million (2005: gain of EUR 401 million).

Financial assets and liabilities not carried at fair value

The following methods and significant assumptions have been applied in determining the fair values of financial instruments carried at cost:

(i) The fair value of assets maturing within 12 months is assumed to approximate their carrying amount

(ii) The fair value of demand deposits and savings accounts (included in due to customers) with no specific maturity is assumed to be the amount payable on demand at the balance sheet date

(iii) The fair value of variable rate financial instruments is assumed to be approximated by their carrying amounts and, in the case of loans, does not, therefore, reflect changes in their credit quality, as the impact of credit risk is recognised separately by deducting the allowances for credit losses from both carrying amounts and fair values

(iv) The fair value of fixed-rate loans and mortgages carried at amortised cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amounts of the allowances for credit losses from both carrying amounts and fair values.

The following table compares the carrying amount of financial assets and liabilities measured at cost to estimated fair values:

	2006			2005		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Interest earning securities held-to-maturity	**3,729**	**3,763**	**34**	6,572	6,717	145
Loans and receivables – banks	**134,819**	**134,819**	**–**	108,635	109,248	613
Loans and receivables – customer	**443,255**	**446,589**	**3,334**	380,248	383,547	3,299
Total	**581,803**	**585,171**	**3,368**	495,455	499,512	4,057
Financial liabilities						
Due to banks	**187,989**	**187,982**	**7**	167,821	168,469	(648)
Due to customers	**362,383**	**362,303**	**80**	317,083	317,714	(631)
Issued debt securities	**199,506**	**198,531**	**975**	167,804	170,271	(2,467)
Subordinated liabilities	**19,213**	**19,364**	**(151)**	19,072	19,551	(479)
Total	**769,091**	**768,180**	**911**	671,780	676,005	(4,225)

39 Financial risk management and use of derivatives

This section provides details of the Group's financial risk management objectives and policies and describes the methods used by management to control risk. In addition this note includes a discussion of the extent to which financial instruments are used, the associated risks and the business purpose served. This note should be read in conjunction with the section Risk and the Capital Framework included in the Annual Report from page 69 to page 81.

Financial risk management and control

Risks of financial instruments

The most important types of risk associated with financial instruments to which the Group is exposed are:

- Credit risk and country event risk
- Interest rate risk (banking book positions)
- Market risk (including currency risk, interest rate risk, equity price risk and commodity risk of the trading book)
- Currency risk (banking book positions)
- Liquidity risk.

Below is a discussion of the various risks the Group is exposed to as a result of its activities and the approach taken to manage those risks.

Credit risk

Measurement and control

The Group is subject to credit risk through its lending, trading, hedging and investing activities as well as in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees.

The Group's senior management is responsible for establishing the credit policies and the mechanisms, organisation and procedures required to analyse, manage and control credit risk. In this respect, counterparty limits are set and an internal system of credit ratings is applied.

The Group's primary exposure to credit risk arises through its loans, credit facilities and guarantees issued. The Group is also exposed to credit risk on various other financial assets, including financial investments (interest earning securities), loans and receivables from banks, financial assets held for trading (interest earning securities and derivatives) and derivatives used for hedging.

The risk that counterparties might default on their obligations is monitored on an ongoing basis. For each transaction the Group evaluates whether collateral or a master netting agreement is required to mitigate the credit risk.

Maximum credit exposure

In the table below we have detailed the maximum credit exposure:

	2006	2005
Derivative assets held for trading	**105,334**	105,372
Financial investments – interest-earning securities	**121,287**	119,749
Loans and receivables – banks	**28,855**	21,371
Loans and receivables – customers	**327,313**	282,580
Professional securities transactions	**199,685**	162,005
Multi-seller conduits	**25,872**	25,931
Committed credit facilities	**145,418**	141,010
Credit related contingent liabilities	**51,279**	46,021
Total	**1,005,043**	904,039

The credit risk exposure on derivative assets held for trading is measured as the current positive replacement value. For interest-earning securities the amortised cost is included to reflect to credit risk exposure. The credit risk on professional security transactions is limited as a result of the nature of these transactions. The loans and receivables due from multi-seller conduits bear limited credit risk as these are fully collateralised.

Credit risk concentrations

Concentrations of credit risk (whether on- or off-balance sheet) that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be affected in a similar way by changes in economic or other conditions. As part of managing risk concentrations, country risk in emerging markets and sector risk are managed on a portfolio basis. Refer to the following tables for details of the credit risk concentrations on the customer portfolio.

Credit risk concentrations from loans and receivables – customers:

	2006		2005	
		% [1]		% [1]
Netherlands				
Public sector	**3,286**	**29**	2,300	31
Commercial	**55,951**	**31**	56,182	37
Consumer	**97,600**	**72**	94,603	77
Total	**156,837**		153,085	
Europe ***(excluding Netherlands)***				
Public sector	**1,527**	**13**	1,454	19
Commercial	**57,425**	**32**	30,882	20
Consumer	**12,529**	**9**	1,539	1
Total	**71,481**		33,875	
North America				
Public sector	**677**	**6**	735	10
Commercial	**42,179**	**23**	44,693	29
Consumer	**13,017**	**10**	15,218	13
Total	**55,873**		60,646	
Latin America				
Public sector	**507**	**4**	596	8
Commercial	**10,095**	**6**	8,024	5
Consumer	**8,320**	**6**	7,270	6
Total	**18,922**		15,890	
Asia Pacific				
Public sector	**5,570**	**48**	2,376	32
Commercial	**14,612**	**8**	12,630	9
Consumer	**4,018**	**3**	4,078	3
Total	**24,200**		19,084	
Group				
Public sector	**11,567**		7,461	
Commercial	**180,262**		152,411	
Consumer	**135,484**		122,708	
Total	**327,313**		282,580	
Professional securities transactions	**93,716**		74,724	
Multi-seller conduits	**25,872**		25,931	
Total loans and receivables – customers	**446,901**		383,235	

1 *Calculated as a percentage of Group totals for public, commercial and consumer sectors respectively.*

Credit risk concentrations from credit facilities and guarantees issued:

	2006		2005	
		%[1]		%[1]
Netherlands				
Credit related contingent liabilities	**3,445**	**7**	4,194	9
Committed credit facilities	**14,487**	**10**	17,881	13
Total	**17,932**		22,075	
***Europe** (excluding Netherlands)*				
Credit related contingent liabilities	**24,839**	**48**	20,222	44
Committed credit facilities	**38,512**	**26**	28,400	20
Total	**63,351**		48,622	
North America				
Credit related contingent liabilities	**15,662**	**31**	15,830	34
Committed credit facilities	**72,580**	**50**	78,660	55
Total	**88,242**		94,490	
Latin America				
Credit related contingent liabilities	**1,877**	**4**	1,364	3
Committed credit facilities	**6,682**	**5**	5,214	4
Total	**8,559**		6,578	
Asia Pacific				
Credit related contingent liabilities	**5,456**	**10**	4,411	10
Committed credit facilities	**13,157**	**9**	10,855	8
Total	**18,613**		15,266	
Group				
Credit related contingent liabilities	**51,279**		46,021	
Committed credit facilities	**145,418**		141,010	
Total	**196,697**		187,031	

1 *Calculated as a percentage of Group totals for credit related contingent liabilities and committed credit facilities respectively.*

Total commercial loans and receivables by industry are presented in the table below:

	2006		2005	
		%		%
Basic materials	**15,126**	**8**	8,263	5
Real estate	**23,712**	**13**	26,301	17
Industrials	**39,666**	**22**	22,757	15
Energy	**5,424**	**3**	7,391	5
Financial services	**21,407**	**12**	22,555	15
TMT (media and communications)	**10,092**	**6**	10,575	7
Consumer cyclical	**43,775**	**24**	36,673	24
Consumer non-cyclical	**16,204**	**9**	12,291	8
Health	**4,856**	**3**	5,605	4
Total	**180,262**		152,411	

The amounts stated in the tables represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted and any collateral or security proved to be of no value. So the amounts significantly exceed expected losses in the event of counterparty default.

For a breakdown of counterparties for interest-earning securities in the available-for-sale and held-to-maturity portfolio, please refer to note 16. The Group has no significant exposure in loans and receivables – customers to any individual customer or counterparty, according to the requirements of the Dutch Central Bank.

Collateral

The Group's policy is to obtain collateral if and when required prior to the disbursement of approved loans. Guarantees and letters of credit are also subject to strict credit assessments before being provided. The transactions specify monetary limits to the Group's obligations. The extent of collateral held for guarantees and letters of credit is on average 25% (2005: 20%).

The following table details loans and receivables from commercial and consumer clients by type of collateral obtained.

	2006	2005
Commercial customers		
Public authority guarantees	**5,417**	4,404
Mortgages	**18,490**	28,441
Securities	**2,039**	3,487
Bank guarantees	**2,954**	3,121
Other types of collateral	**31,206**	50,439
Unsecured	**120,156**	62,519
Total	**180,262**	152,411
Consumer customers		
Public authority guarantees	**159**	3
Mortgages	**103,272**	93,826
Securities	**872**	2,074
Bank guarantees	**31**	856
Other types of collateral	**12,062**	7,077
Unsecured	**19,088**	18,872
Total	**135,484**	122,708

Interest rate risk (banking book)

Measurement and control

Several measures are used to monitor and limit banking book interest rate risk. The methods employed include earnings simulation, duration and present value per base point limits. Limits are set on the earnings and market value sensitivity. Model-based scenario analysis is used to monitor the interest rate risk positions denominated in euros, Brazilian reals and US dollars to the extent that these positions are held in Europe, Brazil and the US, which relates to some 85% to 90% (2005: 85% to 90%) of the total exposure of the Group. Interest rate risk positions in other currencies and other countries are controlled by present value per base point limits and/or market value limits, as these positions are typically less complex.

Net interest income is the sum of interest received less interest paid on large volumes of contracts and transactions, and numerous different products. Simulation models and estimation techniques are used to forecast the net interest income and to assess its sensitivity to movements in the shape and level of the yield curve. Assumptions about client behaviour play an important role in these calculations. This is particularly relevant for loans such as mortgages where the client has the option to repay before the scheduled maturity. On the liability side, the repricing characteristics of savings and deposits are based on estimates using historical data, since the rates attached to these products are not coupled to a specified market rate or maturity date. The bank uses a statistical approach for forecasting and sensitivity analyses because it is the method best suited to these products. Details are used to carry out our hedging strategy. Please refer to note 37 for more information on hedge accounting.

Interest rate sensitivity disclosure banking book positions

For assessing interest rate risk in the banking books, Group Asset and Liability Management provides a set of measures – the Earnings-at-Risk and Market Value Risk for the EUR, USD and BRL currencies – and reports these to the Group Asset and Liability Committee. This set covers 85% to 90% (2005: 85% to 90%) of our net interest revenue in the banking book. The interest rate sensitivity of our trading books is measured under market risk.

The Earnings-at-Risk table shows the cumulative sensitivity of net interest income over a time horizon of 6, 12, and 24 months, and under a number of predefined scenarios. Sensitivity is defined as the percentage change in the interest income relative to a base case scenario. The base case scenario assumes continuation of the present yield curve environment. The 'rates rise' and 'rates fall' scenarios assume a gradual parallel shift of the yield curve during 12 months, after which the curve remains unchanged. In order to reflect the differences in yield curve across markets, the scenarios are currency-dependent.

Due to the low interest environment the EUR 'rates fall' scenario is 150 bp (2005: 100 bp), whereas the 'rates rise' scenario is 200 bp for both years presented. The change in scenario, we applied from the first quarter 2006, reflects the higher EUR yield curve and the subsequent increased downward potential. For USD, the scenarios reflect a gradual change of 200 bp upwards and 200 bp downwards for both years. For BRL, the 'rates rise' scenario is 1,100 bp and the 'Rates Fall' is 800 bp for both years presented.

In all cases, the volume scenario assumes new business volume in line with the business forecast during the first year, and a constant balance sheet thereafter.

The following table shows the cumulative % change in income over the relevant time horizon:

Earnings-at-Risk

		December 2006			December 2005		
	Horizon	EUR	USD	BRL	EUR	USD	BRL
Rates rise	Six months	**(1.7%)**	**(0.2%)**	**(1.2%)**	(2.4%)	(2.1%)	(4.2%)
	One year	**(2.6%)**	**2.6%**	**(2.2%)**	(2.9%)	(1.6%)	(2.8%)
	Two years	**(1.6%)**	**4.2%**	**1.8%**	0.7%	0.3%	3.1%
Rates fall	Six months	**1.2%**	**(6.9%)**	**1.3%**	1.1%	(2.2%)	2.6%
	One year	**1.6%**	**(4.5%)**	**2.3%**	1.3%	(1.1%)	1.3%
	Two years	**(1.5%)**	**(3.7%)**	**(0.7%)**	(1.1%)	(8.8%)	(3.1%)

The Earnings-at-Risk table below gives the 2006 cumulative change in income over the relevant time horizon as absolute numbers using exchange rates at 31 December 2006.

Earnings-at-Risk

(in millions of euros)		December 2006			December 2005		
	Horizon	EUR	USD	BRL	EUR	USD	BRL
Rates rise	Six months	**(31)**	**(2)**	**(19)**	(30)	(19)	(55)
	One year	**(97)**	**44**	**(71)**	(75)	(30)	(77)
	Two years	**(123)**	**150**	**123**	35	12	179
Rates fall	Six months	**23**	**(58)**	**20**	15	(20)	35
	One year	**59**	**(76)**	**74**	33	(21)	36
	Two years	**(115)**	**(131)**	**(46)**	(58)	(343)	(180)

The Market Value Risk table below shows the sensitivity of the market value of equity to changes in interest rates for the EUR, USD and BRL currencies. Market value of equity is defined as the calculated discounted value of assets, minus calculated discounted value of liabilities, plus market value of derivatives and other interest sensitive items in the banking book. Sensitivity is measured as the percentage value change due to an overnight shock.

In 2006 all market value shocks have been reviewed and now reflect an overnight shock. The size of the shock is based on observed changes of the curve in a month and a 99% confidence level. End of 2005 the shocks were based on yearly changes. For EUR the 2006 shock was 50 bp (2005: downward shock 100 bp, upward shock 200 bp). For USD, the 2006 shock was 50 bp (2005: 200 bp). For BRL the 2006 downward shock was 230 bp (2005: 800 bp) and the 2006 upward shock was 320 bp (2005: 1,100 bp).

Market Value Risk (2006 scenarios)

	December 2006		
	EUR	USD	BRL
Rates rise	(1.8%)	(1.7%)	(4.9%)
Rates fall	1.4%	0.3%	3.8%

Market Value Risk (2005 scenarios)

	December 2006			December 2005		
	EUR	USD	BRL	EUR	USD	BRL
Rates rise	**(8.3%)**	**(11.4%)**	**(15.0%)**	(2.7%)	(4.1%)	(11.3%)
Rates fall	**2.6%**	**(9.1%)**	**14.8%**	0.7%	(13.4%)	4.7%

Market risk

Exposures

All trading portfolios are subject to market risk. Several major sources of market risk are: interest rate, foreign exchange, equity price, commodity price, credit spread, volatility risks and correlation risks. We define market risk as the risk that changes in financial market prices will decrease the value of our trading portfolios. The instruments in our trading portfolios are recognised at fair value, and all changes in market conditions directly affect net trading income.

Measurement and control

The Group applies a Value-at-Risk (VaR) methodology to estimate the market risk of trading portfolios and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Group uses VaR as its primary tool for the day-to-day monitoring of market risks. Group Asset and Liability Committee sets limits on the maximum levels of the VaR on high aggregate levels. The risk committees can set VaR limits on various lower aggregate levels.

Other non-statistical control measures used in the market risk management process include historical and stress scenarios and limits on net open positions, interest rate sensitivity per basis point, spread sensitivities, option parameters, position concentrations and position ageing.

Value-at-Risk

VaR is a methodology for assessing market risk exposure in a single number. VaR is a statistical measure that estimates potential losses, and is defined as the predicted worst-case loss that might be caused by changes in risk factors under normal circumstances, over a specified period of time and at a specific level of statistical confidence. The Group uses a proprietary VaR model that has been approved by the Dutch Central Bank.

The VaR methodology adopted by the bank for its VaR calculation is Historical Simulation, using approximately 1.5 years of weighted historical data (using the decay method). The VaR is calculated at a 99% confidence level for a one-day holding period, using absolute changes in historical rates and prices for interest rate related, and all implied volatility risk factors and relative changes in historical rates and prices for other risk factors. The positions captured by our VaR calculations include derivative and cash positions that are reported as assets and liabilities held for trading. The VaR is reported on a daily basis per trading portfolio, per product line and for the Group as a whole. It is reported daily to the senior management of the BUs, Group Risk Management and the responsible members of the Managing Board.

From 1 January 2006 we have implemented a revised VaR methodology to measure our market risk. We made the following enhancements to our 2005 model:

- For interest rate related, and all implied volatility related risk factor we moved to absolute historical changes as the model input instead of relative historical changes
- Using an approximately 1.5 year historical period instead of a 4 year period
- Introduction of a weighting factor for the historical data.

Observations and back testing of our previous model (which involves determining the number of days on which the losses were bigger than the estimated VaR of those days) learned that in particular circumstances the results from our previous model were no longer reflecting the best estimate of our market risk. Adoption of a shorter historical period and the introduction of a weighting factor for the historical data resulted in recent market movements to have a greater impact on future risk estimations and so made to the model more responsive to the current market conditioins. The enhancements to the model have led to improved risk estimation. As a result of the implementation of the new model in combination with benign markets over a significant period, our VaR number decreased significantly. We are of the opinion that the current model better reflects the actual market risk we are exposed to at every single point in time.

The table below provides the 2006 VaR numbers according to our new methodology and for 2006 and 2005 also according to the old methodology.

Value-at-Risk (VaR) per risk category (99% confidence level, one-day holding period) per our 2006 methodology

(in millions of euros)	For the year ended 31 December 2006			
	Minimum	Maximum	Average	Year-end
Interest rate risk	10.5	34.6	18.7	12.9
Equity price risk	11.4	35.3	23.3	15.2
Foreign exchange risk	1.8	10.8	4.7	3.2
Commodity price risk	1.6	13.6	3.4	1.7
Diversification effect	–	–	–	(13.6)
Aggregate VaR **1**	19.4	49.8	31.8	19.4

1 *The maximum (and minimum) for each category occurred on different days and therefore have no direct relation to the maximum (and minimum) of the aggregate Value-at-Risk. The aggregate Value-at-Risk includes the diversification effect of imperfect or negative correlations between certain risk types. Therefore the aggregate Value-at-Risk can be lower than the sum of the individual risk types on the same day (e.g. year-end)*

Value-at-Risk (VaR) per risk category (99% confidence level, one-day holding period) per our 2005 methodology

(in millions of euros)	For the year ended 31 December 2006				For the year ended 31 December 2005			
	Minimum	Maximum	Average	Year-end	Minimum	Maximum	Average	Year-end
Interest rate risk	**18.4**	**63.7**	**30.4**	**20.8**	17.7	68.3	30.4	23.3
Equity price risk	**11.6**	**72.6**	**31.1**	**17.3**	13.0	70.6	36.8	36.2
Foreign exchange risk	**2.3**	**12.3**	**5.2**	**4.2**	1.2	15.7	4.2	3.0
Commodity price risk	**1.6**	**12.7**	**3.0**	**1.9**	0.7	5.9	2.0	2.1
Diversification effect	**–**	**–**	**–**	**(17.1)**	–	–	–	(20.9)
Aggregate VaR **1**	**27.1**	**84.1**	**46.8**	**27.1**	25.3	80.2	50.0	43.7

1 *The maximum (and minimum) for each category occurred on different days and therefore have no direct relation to the maximum (and minimum) of the aggregate Value-at-Risk. The aggregate Value-at-Risk includes the diversification effect of imperfect or negative correlations between certain risk types. Therefore the aggregate Value-at-Risk can be lower than the sum of the individual risk types on the same day (e.g. year-end)*

At a 99% confidence level, the statistical expectation is that on one out of every 100 trading days a loss exceeding the VaR for such a day occurs. The back testing is performed both on the actual profit and loss and on a hypothetical profit and loss, which measures a result net of commissions, origination fees and intra-day trading. The results of this back testing on the actual and the hypothetical results are reported to the Dutch Central Bank on a quarterly basis. Back testing is an essential instrument for the ex-post validation of our internal VaR model.

Stress testing

Although the VaR represents a good estimate of potential losses under normal market circumstances, it fails to capture 'one-off' events. The limitations of the VaR model mean that we must supplement it with other statistical tests. These include a series of stress tests scenarios and sensitivity stress tests that shed light on the hypothetical behaviour of our portfolio and the impact on our financial results under extreme market movements. Sensitivity stress tests and stress test scenarios have been developed internally to reflect specific characteristics of the Group's portfolios and are performed on a daily basis for each trading portfolio and at several aggregation levels. These apply parallel increase and decreases in a number of risk elements or in one risk element, upon actual historical scenarios (non-parallel moves in a number of risk elements) or upon plausible future shocks.

Currency risk (banking book positions)

The Group's operating entities are required to manage any currency exposure arising on local transactions with funding in the same currency or to transfer the currency risk to the Group. Accordingly the Group is able to manage currency risk through its net investments in its non-euro operations.

We apply various hedging strategies to our net investments in our non-euro operations, in order to manage and minimise any adverse effects from translating the relevant foreign currency into euro.

Capital ratio hedge

To protect our capital ratios (core tier 1, tier 1 and total capital as a portion of risk-weighted assets) against adverse effects of the US dollar, our main foreign currency, the USD-sensitive part of our capital base has to be equal to the USD-sensitive part of our risk-weighted assets. On this basis, there will be no material impact on our capital ratios, as the ratios are hedged against changes in the EUR/USD exchange rate.

Capital hedge

The capital ratio hedge strategy implies that a part of our capital has to be USD-sensitive to neutralise the USD sensitivity of our risk-weighted assets. Hence a part of our equity is also exposed to EUR/USD fluctuations.

Our investments in foreign operations in currencies other than the USD are hedged on a selective basis. We consider the use of hedging in cases where the expected currency loss is larger than the interest rate differential between the two currencies that represents the cost of the hedge.

At December 2006, 29% (2005: 56%) of our net investment in foreign operations was hedged leaving approximately EUR 9.4 billion (2005: EUR 5 billion) unhedged including USD 2.6 billion and BRL 4.6 billion (2005: USD 1 billion and BRL 2 billion) where USD and BRL are both stated in EUR amounts. The table shows the sensitivity of our capital to, respectively, a 10% appreciation and 10% depreciation in the euro against all foreign currencies.

(in millions of euros)	**2006**	2005
Euro appreciates 10%	**(944)**	(559)
Euro depreciates 10%	**944**	559

Liquidity risk

Measurement and control

Liquidity risk arises in any bank's general funding of its activities. For example, a bank may be unable to fund its portfolio of assets at appropriate maturities and rates, or may find itself unable to liquidate a position in a timely manner at a reasonable price. The Group holds capital to absorb unexpected losses, and manages liquidity to ensure that sufficient funds are available to meet not only the known cash funding requirements, but also any unanticipated ones that may arise. At all times, the Group maintains what we believe to be adequate levels of liquidity on a Group-wide basis to meet deposit withdrawals, repay borrowings and fund new loans, even under stressed conditions.

We manage liquidity on a daily basis in all the countries in which we operate. Each national market is unique in terms of the scope and depth of its financial markets, competitive environment, products and customer profile. Therefore local line management is responsible for managing our local liquidity requirements under the supervision of Group Asset and Liability Management on behalf of the Group Asset and Liability Committee.

On a day-to-day basis our liquidity management depends on, among other things, the effective functioning of local and international financial markets. As this is not always the case, we have Group-wide contingency funding plans. These plans are put into effect in the event of a dramatic change in our normal business activities or in the stability of the local or international financial markets. The Group Strategic Funding Committee has full authority to manage such a crisis. As part of this liquidity management contingency planning, we continually assess potential trends, demands, commitments, events and uncertainties that could reasonably result in increases or decreases in our liquidity. More specifically, we consider the impact of these potential changes on our sources of short-term funding and long-term liquidity planning.

As we have entered into committed credit facilities, our liquidity management process also involves assessing the potential effect of the contingencies inherent in these types of transactions on our normal sources of liquidity and finance.

Liquidity gap

The following table provides an analysis that categorises the balance sheet of the Group into relevant maturity groupings based on the remaining contractual periods to repayment.

Maturity for the year ended 31 December 2006:

	On demand	< 1 year	≥ 1 year - < 5 years	≥ 5 years	Total
Assets					
Cash and balances at central banks	12,317	–	–	–	12,317
Financial assets held for trading **1**	205,736	–	–	–	205,736
Financial investments	–	29,999	33,097	62,285	125,381
Loans and receivables – banks	9,473	90,637	18,595	16,114	134,819
Leans and receivables – customers	17,202	202,880	61,100	162,073	443,255
Other assets **1**	3,212	26,560	–	35,784	65,556
Total	247,940	350,076	112,792	276,256	987,064
Liabilities					
Financial liabilities held for trading **1**	145,364	–	–	–	145,364
Due to banks	20,273	148,157	6,911	12,648	187,989
Due to customers	111,250	222,440	16,379	12,314	362,383
Issued debt securities	–	103,531	58,916	39,599	202,046
Subordinated liabilities	–	1,384	3,723	14,106	19,213
Other liabilities **1**	3,965	18,836	–	21,373	44,174
Total	280,852	494,348	85,929	100,040	961,169
Net liquidity gap	(32,912)	(144,272)	26,863	176,216	25,895

1 *Financial assets and liabilities held for trading and hedging derivatives are shown as on demand which management believes most accurately reflects the short-term nature of the trading and derivative activities.*

Maturity for the year ended 31 December 2005:

	On demand	< 1 year	≥ 1 year - < 5 years	≥ 5 years	Total
Assets					
Cash and balances at central banks	16,657	–	–	–	16,657
Financial assets held for trading 1	202,055	–	–	–	202,055
Financial Investments	12,366	12,047	35,425	63,936	123,774
Loans and receivables – banks	7,251	80,091	5,922	15,371	108,635
Leans and receivables – customers	24,101	171,824	84,497	99,826	380,248
Other assets 1	3,213	21,268	4,341	20,613	49,435
Total	265,643	285,230	130,185	199,746	880,804
Liabilities					
Financial liabilities held for trading 1	148,588	–	–	–	148,588
Due to banks	30,905	117,150	8,349	11,417	167,821
Due to customers	147,846	138,630	14,481	16,126	317,083
Issued debt securities	1,495	100,873	34,548	33,703	170,619
Subordinated liabilities	–	1,156	5,101	12,815	19,072
Other liabilities 1	4,712	15,335	2,771	10,651	33,469
Total	333,546	373,144	65,250	84,712	856,652
Net liquidity gap	(67,903)	(87,914)	64,935	115,034	24,152

1 *Financial assets and liabilities held for trading and hedging derivatives are shown as on demand which management believes most accurately reflects the short-term nature of the trading and derivative activities.*

Use of derivatives

Derivative instruments

The Group uses derivative instruments (a) to provide risk management solutions to its clients, (b) to manage the Group's own exposure to various risks (including interest, currency and credit risks) and (c) for proprietary trading purposes.

A derivative is a financial instrument that is settled at a future date and requires little or no initial net investment, and whose value varies in response to changes in the price of another financial instrument, an index or some other variable.

The majority of derivative contracts are arranged as to amount ('notional'), tenor and price directly with the counterparty (over-the-counter). The remainder are standardised in terms of their amounts and settlement dates and are bought and sold in organised markets (exchange traded).

The notional, or contractual, amount of a derivative represents the reference quantity of the underlying financial instrument on which the derivative contract is based. The value of the derivative contract is typically determined by applying a calculated price to this notional amount, and is the basis upon which changes in the value of the contract are measured. The notional amount provides an indication of the underlying volume of business transacted by the Group but does not provide any measure of risk, and is not included on the balance sheet.

Positive and negative fair values on different transactions are only netted if the transactions are with the same counterparty and the cash flows will be settled on a net basis, and the Group has the legal right to offset separate transactions with that counterparty.

Types of derivative instruments

The most common types of derivatives used are as follows:

Forwards are binding contracts to buy or sell financial instruments, most typically currency, on a future date at a specified price. Forward contracts are tailor-made agreements that are transacted between counterparties in the over-the-counter (OTC) market.

Futures are exchange traded agreements to buy or sell a standard quantity of specified grade or type of financial instrument, currency or commodity at a specified future date.

Commodity derivatives are contracts to buy or sell a non-financial item. They can be either exchange traded or OTC.

Swaps are agreements between two parties to exchange cash flows on a specified notional amount for a predetermined period. Most swaps are traded OTC. The major types of swap transactions undertaken by the Group are as follows:

- Interest rate swap contracts – typically the contractual exchange of fixed and floating rate interest payments in a single currency, based on a notional amount and a reference interest rate, most commonly LIBOR.
- Cross currency swaps – the exchange of interest payments based on two different currency principal balances and reference interest rates, and usually the exchange of principal amounts at the start and end of the contract.
- Credit default swaps (CDSs) – bilateral agreements under which one party (protection buyer) makes one or more payments to the other party (protection seller) in exchange for an undertaking by the seller to make a payment to the buyer following a specified credit event. Credit default swaps may be on a single name (counterparty) or on a multiple (or basket) of names (counterparties). Settlement following a credit event may be a net cash amount, or cash in return for physical delivery of one or more obligations of the credit entity and is made regardless of whether the protection buyer has actually suffered a loss.
- Total rate of return swaps give the total return receiver exposure to all of the cash flows and economic benefits and risks of an underlying asset, without having to own the asset, in exchange for a series of payments, often based on a reference interest rate, such as LIBOR. The total return payer has an equal and opposite position. A specific type of total return swap is an equity swap.

Options are contractual agreements under which, typically, the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or to sell (put option) by or at a set date, a specified quantity of a financial instrument or commodity at a predetermined price. The purchaser pays a premium to the seller for this right. Options may be traded OTC or on a regulated exchange, and may be traded in the form of a security (warrant).

Derivatives transacted for trading purposes

Most of the Group's derivative transactions relate to sales and trading activities. Sales activities include the structuring and marketing of derivative products to customers to enable them to take, transfer, modify or reduce current or expected risks.

Trading activities are entered into principally for the purpose of generating profits from short term fluctuations in price or margin, and include market-making, positioning and arbitrage activities:

- Market making involves quoting bid and offer prices to other market participants with the intention of generating income based on spread and volume
- Positioning means managing market risk positions with the expectation of profiting from favourable movements in prices, rates or indices
- Arbitrage activities involve identifying and profiting from price differentials between markets and products.

Derivatives transacted for hedging purposes

The Group enters into derivative transactions for the purposes of hedging assets, liabilities, forecast transactions, cash flows and credit exposures. The accounting treatment of hedge transactions varies according to the nature of the instrument hedged and whether the hedge qualifies for accounting purposes (see accounting policies).

The Group also enters into derivative transactions which provide economic hedges for credit risk exposures but do not meet the requirements for hedge accounting treatment; for example, the Group uses CDSs as economic hedges for credit risk exposures in the loan and traded product portfolios, but cannot always apply hedge accounting to such positions.

Risks of derivative instruments

Derivative instruments are transacted in many trading portfolios, which generally include several types of instruments, not just derivatives. The market risk of derivatives is managed and controlled as an integral part of the market risk of these portfolios. The Group's approach to market risk is described in the market risk section of this note starting on page 211.

Derivative instruments are transacted with many different counterparties. The credit risk of derivatives is managed and controlled in the context of the Group's overall credit exposure to each counterparty. The Group's approach to credit risk is described in the financial risk section of this footnote. It should be noted that although the values shown on the balance sheet can be an important component of the Group's credit exposure, the positive fair values for any one counterparty are rarely an adequate reflection of the Group's credit exposure on its derivatives business with that counterparty. This is because, on the one hand, fair values can increase over time ('potential future exposure'), while on the other hand, exposure may be mitigated by entering into master netting agreements and bilateral collateral arrangements with counterparties.

40 Capital adequacy

To monitor the adequacy of capital the Group uses ratios established by the Bank for International Settlements (BIS). These ratios measure capital adequacy (minimum 8% as required by the BIS) by comparing the Group's eligible capital with its balance sheet assets, off-balance sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk. The market risk approach covers the general market risk and the risk of open positions in currencies and debt and equity securities. Assets are weighted according to broad categories of notional risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Four categories of risk weights (0%, 20%, 50%, 100%) are applied; for example cash and money market instruments have a zero risk weighting which means that no capital is required to support the holding of these assets. Property and equipment carries a 100% risk weighting, meaning that it must be supported by capital equal to 8% of the carrying amount. Off-balance-sheet credit related commitments and derivative instruments are taken into account by applying different categories of conversion factors, which are designed to convert these items into balance sheet equivalents. The resulting equivalent amounts are then weighted for risk using the same percentages as for non-derivative assets.

Tier 1 capital consists of shareholders' equity and qualifying subordinated liabilities less goodwill and some intangible assets. Tier 2 capital represents additional qualifying subordinated liabilities, taking into account the remaining maturities.

Core tier 1 capital is tier 1 capital excluding preference shares.

The Group's capital adequacy level was as follows:

	Balance sheet / unweighted amount		Risk weighted amount, including effect of contractual netting	
	2006	2005	**2006**	2005
***Balance sheet assets** (net of provisions):*				
Cash and balances at central banks	**12,317**	16,657	**296**	432
Financial assets held for trading	**205,736**	202,055	**–**	–
Financial investments	**125,381**	123,774	**14,142**	11,620
Loans and receivables – banks	**134,819**	108,635	**7,215**	4,992
Loans and receivables – customers	**443,255**	380,248	**162,315**	152,044
Equity accounted investments	**1,527**	2,993	**943**	727
Property and equipment	**6,270**	8,110	**4,419**	6,638
Goodwill and other intangibles	**9,407**	5,168	**2,801**	4,437
Assets of business held for sale	**11,850**	–	**6,433**	-
Prepayment and accrued income	**9,290**	7,614	**3,794**	2,952
Other assets	**27,212**	25,550	**6,776**	8,893
Subtotal	**987,064**	880,804	**209,134**	192,735
Off-balance sheet positions and derivatives:				
Credit-related commitments and contingencies	**196,697**	187,031	**53,336**	48,621
Credit equivalent of derivatives			**13,960**	10,815
Insurance companies and other			**193**	275
Subtotal			**67,489**	59,711
Total credit risks			**276,623**	252,446
Market risk requirements			**4,081**	5,408
Total Risk Weighted Assets			**280,704**	257,854

The following table analyses actual capital and the minimum standard needed in order to comply with supervisory requirements.

	2006		2005	
	Required	Actual	Required	Actual
Total capital	**22,457**	**31,275**	20,628	33,874
Total capital ratio	**8.0%**	**11.14%**	8.0%	13.14%
Tier 1 capital	**11,228**	**23,720**	10,314	27,382
Tier 1 capital ratio	**4.0%**	**8.45%**	4.0%	10.62%
Core tier 1	**–**	**17,336**	–	21,828
Core tier 1 ratio	**–**	**6.18%**	–	8.47%

In determining the capital adequacy requirement, both existing and future credit risk is taken into account. To this end the current potential loss on derivatives, which is the fair value based on market conditions at balance sheet date, is increased by a percentage of the relevant notional amounts, depending on the nature and remaining term of the contract. This method takes into account the possible adverse development of the fair value during the remaining term of the contract. The following analysis shows the resulting credit equivalent, both unweighted and weighted for counterparty risk (mainly banks). The figures allow for the impact of netting transactions and other collateral.

Credit equivalent of derivative contracts

	2006	2005
Interest rate contracts	**76.1**	84.8
Currency contracts	**35.0**	28.2
Other contracts	**70.9**	32.2
	182.0	145.2
Effect of contractual netting	**126.7**	97.4
Unweighted credit equivalent	**55.3**	47.8
Weighted credit equivalent	**13.9**	10.8

41 Private equity investments

Private equity investments are either consolidated or held at fair value.

Consolidated private equity holdings

Investments of a private equity nature that are controlled by the Group are consolidated. Such holdings represent a wide range of non-banking activities. Personnel and other costs relating to production and manufacturing activities are presented within material expenses. The impact of consolidating on the income statement these investments is set out in the following table.

	2006	2005	2004
Income of consolidated private equity holdings	**5,313**	3,637	2,616
Other income included in operating income	**(340)**	(242)	(96)
Total operating income of consolidated private equity holdings	**4,973**	3,395	2,520
Goods and material expenses of consolidated private equity holdings	**3,684**	2,519	1,665
Included in personnel expenses	**577**	362	399
Included in administrative costs	**466**	352	284
Included in depreciation and amortisation	**212**	133	151
Total operating expenses	**4,939**	3,366	2,499
Operating profit before tax of consolidated private equity holdings	**34**	29	21

Goods and material expenses includes personnel costs relating to manufacturing and production activities.

The assets and liabilities of these consolidated holdings are included in the Group balance sheet. Given the non-banking nature of the underlying activities, the main lines impacted are goodwill, property and equipment, other assets and issued debt securities. The total assets of these consolidated entities at 31 December 2006 were EUR 4,537 million (2005: EUR 3,477 million), excluding goodwill.

Unconsolidated private equity investments

The private equity investments over which the Group does not have control are accounted for at fair value with change through income. Although control is not with the Group, in many cases the Group has significant influence, usually evidenced by an equity stake of between 20% and 50%. Significant influence is held in approximately 88 (2005: 100) investments with a fair value of EUR 387 million at 31 December 2006 (2005: EUR 603 million), operating in various sectors including information technology, life sciences, media and telecommunications.

42 Joint ventures

The Group's activities conducted through joint ventures include insurance, trust and property development activities. See note 49 for further details. The consolidated financial statements of the joint ventures include the following assets and liabilities, income and expenses, which represent the Group's proportionate share:

	2006	2005
Assets		
Cash and balances at central banks	**12**	11
Financial investments	**3,355**	2,748
Loans and receivables – banks and customers	**1,722**	925
Equity accounted investments	**–**	6
Property and equipment	**4**	1,011
Accrued income and prepaid expenses	**84**	58
Other assets	**4,080**	2,161
Total	**9,257**	6,920
Liabilities		
Financial liabilities held for trading	**6**	871
Due to customers	**1,128**	896
Issued debt securities	**22**	7
Accrued expenses and deferred income	**35**	23
Other liabilities	**7,827**	4,994
Total	**9,018**	6,791
Total operating income	**102**	150
Operating expenses	**51**	71
Operating profit	**51**	79
Income tax expense	**16**	21
Net profit	**35**	58

43 Remuneration of Managing Board and Supervisory Board

Remuneration Managing Board

The current compensation policy for the Managing Board was introduced in 2001 and changed in the years 2005 and 2006. The main objective is to ensure that ABN AMRO is able to recruit both internally and externally and retain expert and experienced Managing Board members. To achieve this, the Managing Board remuneration has several elements that, as a package, make it comparable with the remuneration offered by relevant peers in the market. Peers are defined as other major Dutch companies and other European-parented banks.

The compensation package for the Managing Board has the following elements:
- Base salary
- Performance bonus
- Long-term incentives – Performance Share Plan and Share Investment & Matching Plan.

In addition there are a number of other benefits.

Base salary

A common base salary applies to all Managing Board members except the Chairman, to whom a 40% differential applies. In addition to the base salary, the non-Dutch Board member receives a market competitive allowance. Salaries are reviewed annually with adjustments taking effect from 1 January. In 2006 Managing Board base salaries were adjusted upwards by 1.5% to compensate for the effects of inflation. The gross annual base salary for the Managing Board members was adjusted from EUR 650,000 to EUR 659,750 and from EUR 910,000 to EUR 923,650 for the Chairman.

Performance bonus

The annual performance bonus for Managing Board members is based upon ABN AMRO's quantitative and qualitative performance objectives at both the corporate and BU level. The objectives are set annually by the Nomination & Compensation Committee and endorsed by the Supervisory Board. With effect from 2006 all individual Managing Board members' performance is assessed wholly against Group performance objectives. Previous links to the various Business Unit targets were abandoned.

In 2006 objectives such as economic profit, efficiency ratio and operating result were used to measure quantitative corporate performance. All three of these objectives are aimed at growth and profitability and carried an equal weighting of one-third. In addition, qualitative objectives are set such as Compliance and Leadership/Employee Engagement. Specific annual performance targets are not disclosed as they are considered competitively sensitive.

If the quantitative performance objectives are fully met, the 2006 bonus will be 150% of base salary with an upper limit of 200% for performance well above target. The Nomination & Compensation Committee may, on the basis of their assessment of a Managing Board member's individual performance against qualitative performance objectives, adjust the bonus outcome upwards or downwards within a range of plus or minus 20% of base salary.

The 2006 performance bonuses for Managing Board members have been set at the newly agreed 2006 bonus levels. The Committee assessed the 2006 performance against the set and realised quantitative objectives.

The bonuses with respect to the 2006 performance year for all Managing Board members, including the Chairman of the Managing Board, are set at 125% of the 2006 annual base salary. The assessment of the qualitative objectives did not give the Nomination & Compensation Committee reason to use its discretion to differentiate in the individual bonus results. Bonuses for the Managing Board members who left the bank in 2006 were also set at 125% of the salary earned while they were in active service in 2006. The individual bonus awards are shown in the table on page 224.

ABN AMRO Share Investment & Matching Plan

In 2004 shareholders' approval was obtained to encourage executive share ownership. Under this plan, the Board members may defer a maximum of 25% of their annual salary into ABN AMRO Holding N.V. shares (investment shares). This amount must be funded from the net bonus outcome of the relevant performance year. If the net bonus outcome is insufficient to fund the full investment amount the participation will be withdrawn.

At the end of a three-year vesting period the investment shares will be matched by the bank on the basis of one ABN AMRO share (matching share) for each investment share, provided that the Managing Board member remains employed within the ABN AMRO Group during the vesting period. The investment shares, together with the built-up dividends, will be released three years after deferral. The matching shares must be held for at least five years from vesting, with the possibility of selling some of the shares to settle the tax obligation.

In 2006 – with respect to the 2005 bonus – all Managing Board members have participated in this plan. Of the six Managing Board members who were already a Board member in 2005, five participated for the maximum amount of 25% of base salary and one Managing Board member for 12.5% of base salary. The three newly appointed Managing Board members each participated for a fixed investment amount of EUR 100,000 that was applicable for them as being a SEVP in 2005. The total amount that was used to purchase Investment Shares was EUR 1,258,596 for all nine Managing Board members. With respect to the bonus for 2006 six of the current seven Managing Board members participated for 25% of annual salary and one member chose to invest an amount of EUR 75,000.

Share options

Share options have been an integral part of ABN AMRO top executives' compensation for several years.

As of 2005 share options no longer form part of the long-term reward package for the Managing Board or for the Top Executive Group as a whole. The options granted in the years up to and including 2004 will remain in place. In 2006 no options expired. The options granted in 2003 vested on 24 February 2006 and will remain exercisable during the remainder of the ten-year option period, which runs up to and including 23 February 2013. The options granted in 2004 have vested on 13 February 2007, because the set return on equity performance condition for this award was met by the end of the three year performance period in 2006. The options will remain exercisable up to and including 12 February 2014.

The Managing Board announced to the Nomination & Compensation Committee on 30 January 2006 their collective decision to limit the exercise of their options going forward exclusively to the first day of the first open period after vesting and/or expiration periods, or to earlier equivalent contractual dates in line with the plan rules, such as the date of retirement. For the 2004 options this means that the first possible date to exercise will be the first day of the second open period in 2007. Although this limits the theoretical value of the options, the Managing Board believes the increase in transparency to the market outweighs this theoretical disadvantage.

Performance Share Plan

The Performance Share Plan was introduced in 2001 and forms an important though stretching part of the Managing Board's reward package. SEVPs are also eligible for a yearly grant under this plan.

In 2006 Managing Board members received a conditional award of 60,000 shares and the Chairman 84,000 shares. The Performance Share Plan grant in 2006 was based half on the relative total return to shareholders (TRS) performance and half on the average return on equity (ROE) achieved by the bank over the four-year performance period, defined as the year of grant and three subsequent years.

The vesting schedule for the TRS-linked award is the same as in previous years. The full award will be paid if the TRS generated by the bank in the fourth year of the performance period is fifth out of 21 relative to the peer group. There will be a sliding scale ranging from no award if the bank is lower than tenth to 150% of the conditional award if the bank has progressed to the very top of the TRS rankings.

The ROE linked part of the award was introduced in 2005. The pay-out of this part of the award will be linked to the average ROE target for the performance period using a sliding scale, with a threshold at 25% and a maximum award of 100%.

Another condition is that the recipient must still be in service with the Group at the end of the performance period. The four-year performance cycle for the conditional shares as awarded in 2003 came to a close at the end of 2006, and ABN AMRO's position in the peer group was position 16, meaning that the performance share award has not vested.

Pension

The Managing Board's pensionable salary is 100% of annual base salary. Until 31 December 2005 the normal retirement age of the Managing Board members was 62. Since 1 January 2006 the plan has been changed in such a way that the normal retirement age is 65, based on average income (2.15% per year). It is possible to retire earlier. The ABN AMRO Pension Fund manages the pension plan.

Specific benefits

The Managing Board's compensation package also includes:

- The use of a company lease car with driver
- Reimbursement of the cost of adequate security measures for their main private residence
- A 24-hour personal accident insurance policy with a fixed covered amount of EUR 1.8 million for members and EUR 2.5 million for the Chairman
- Contributions towards private health insurance, according to the policies applicable to all other ABN AMRO employees in the Netherlands
- Preferential rates on bank products such as mortgages and loans, according to the same policies that apply to all other ABN AMRO staff in the Netherlands.

The following table summarises total reward, ABN AMRO options and shares, and outstanding loans of the members of the Managing Board and Supervisory Board.

(in thousands of euros)	Managing Board		Supervisory Board	
	2006	2005	**2006**	2005
Payments	**9,247**[1]	4,639	**1,041**	787
Profit-sharing and bonus payments	**6,999**	4,787	**–**	–
Share-based payments	**6,882**	6,063	**–**	–
Pension benefits	**1,683**	1,324	**–**	–
Loans (outstanding)	**11,667**	11,518	**257**	2,100
(number of shares, share awards, options)				
ABN AMRO share awards (conditional, granted)	**610,299**	429,058	**–**	–
ABN AMRO staff options (outstanding)	**1,955,857**	2,380,835	**–**	–
ABN AMRO share awards (outstanding)	**1,161,322**	1,196,835	**–**	–
ABN AMRO shares / ADRs (owned)	**341,354**	124,004	**27,567**	34,847

1 *Included in this balance is a termination payment to Mr C.H.A. Collee of EUR 3 million in 2006.*

The following table summarises the salaries, other rewards and bonuses of individual Managing Board members.

(in thousands of euros)	2006					2005				
	Base Salary	Other pay-ments[1]	Bonus	Share-based pay-ments[2]	Pension costs[3]	Base Salary	Other pay-ments[1]	Bonus	Share-based pay-ments[2]	Pension costs[3]
R.W.J. Groenink	**924**	**–**	**1,155**	**1,290**	**286**	910	4	1,047	1,331	263
W.G. Jiskoot	**660**	**–**	**825**	**922**	**205**	650	2	748	951	185
T. de Swaan **4**	**220**	**–**	**275**	**877**	**75**	650	2	748	951	206
J.Ch.L. Kuiper	**660**	**–**	**825**	**922**	**284**	650	4	748	951	264
C.H.A. Collee **5**	**660**	**3,000**	**619**	**938**	**184**	650	3	748	951	168
H.Y. Scott-Barrett	**660**	**483**	**825**	**880**	**189**	650	464	748	928	238
H. G. Boumeester	**660**	**–**	**825**	**331**	**203**					
P. S. Overmars	**660**	**–**	**825**	**361**	**128**					
R. Teerlink	**660**	**–**	**825**	**361**	**129**					

1 *Other payments are comprised of contributions towards private health insurance and foreigner allowance as well as a termination payment. Mr H.Y. Scott-Barrett received a foreigner allowance of EUR 471 thousand and a tax allowance of EUR 12 thousand. In 2005 the allowance amounted to EUR 464 thousand. Mr C.H.A. Collee received EUR 3 million termination payment.*
2 *Share-based payments are calculated in accordance with IFRS 2 by recognising the fair value of the shares or options at grant date over the vesting period.*
3 *Pension costs exclusively comprise pension service cost computed on the basis of IAS 19.*
4 *Mr T. de Swaan retired on 1 May 2006.*
5 *Mr C.H.A. Collee stepped down on 31 December 2006.*

The following tables reflect movements in the option holdings of the Managing Board as a whole and of individual Board members. The conditions governing the granting of options are included in note 44.

	2006		2005	
	Options held by Managing Board	Average exercise price (in euros)	Options held by Managing Board	Average exercise price (in euros)
Movements:				
Balance at 1 January	**2,380,835**	**18.83**	2,382,251	18.84
Options exercised/cancelled	**252,500**	**14.45**	1,416	22.23
Other	**172,478**	**21.34**	–	–
Balance at 31 December	**1,955,857**	**19.18**	2,380,835	18.83

	Balance at 1 January	Exercise price (in euros)	Exercised / cancelled	Entered / (Left)	Balance at 31 December	Weighted average share price at exercise	Year of expiration date
R.W.J. Groenink							
Executive 2000	60,000	21.30	–	–	60,000	–	2007
Executive 2001	55,000	23.14	–	–	55,000	–	2008
Executive 2002 **1, 2**	112,000	19.53	–	–	112,000	–	2012
Executive 2003 **1, 3**	133,000	14.45	–	–	133,000	–	2013
Executive 2004 **1, 4**	126,000	18.86	–	–	126,000	–	2014
AOR 2001	271	22.34	–	–	271	–	2008
AOR 2002	296	20.42	–	–	296	–	2009
	486,567		–	–	486,567		
W.G. Jiskoot							
Executive 2000	60,000	21.30	–	–	60,000	–	2007
Executive 2001	55,000	23.14	–	–	55,000	–	2008
Executive 2002 **1, 2**	80,000	19.53	–	–	80,000	–	2012
Executive 2003 **1, 3**	95,000	14.45	(95,000)	–	–	21.55	2013
Executive 2004 **1, 4**	90,000	18.86	–	–	90,000	–	2014
AOR 2001	271	22.34	–	–	271	–	2008
AOR 2002	296	20.42	–	–	296	–	2009
	380,567		(95,000)	–	285,567		
T. de Swaan **5**							
Executive 2000	60,000	21.30	–	(60,000)	–	–	2007
Executive 2001	55,000	23.14	–	(55,000)	–	–	2008
Executive 2002 **1, 2**	80,000	19.53	–	(80,000)	–	–	2012
Executive 2003 **1, 3**	95,000	14.45	–	(95,000)	–	–	2013
Executive 2004 **1, 4**	90,000	18.86	–	(90,000)	–	–	2014
AOR 2001	271	22.34	–	(271)	–	–	2008
AOR 2002	296	20.42	–	(296)	–	–	2009
	380,567		–	(380,567)	–		
J.Ch.L. Kuiper							
Executive 2000	60,000	21.30	–	–	60,000	–	2007
Executive 2001	55,000	23.14	–	–	55,000	–	2008
Executive 2002 **1, 2**	80,000	19.53	–	–	80,000	–	2012
Executive 2003 **1, 3**	95,000	14.45	(95,000)	–	–	21.55	2013
Executive 2004 **1, 4**	90,000	18.86	–	–	90,000	–	2014
AOR 2001	271	22.34	–	–	271	–	2008
AOR 2002	296	20.42	–	–	296	–	2009
	380,567		(95,000)	–	285,567		

1 *Conditionally granted.*
2 *Vested on 25 February 2005.*
3 *Vested on 24 February 2006.*
4 *Vested on 13 February 2007.*
5 *Mr T. de Swaan retired on 1 May 2006.*
6 *Mr C.H.A. Collee stepped down on 31 December 2006.*

	Balance at 1 January	Exercise price (in euros)	Exercised / cancelled	Entered / (Left)	Balance at 31 December	Weighted average share price at exercise	Year of expiration date
C.H.A. Collee **6**							
Executive 2000	56,000	21.30	–	(56.000)	–	–	2007
Executive 2001	55,000	23.14	–	(55.000)	–	–	2008
Executive 2002 **1, 2**	80,000	19.53	–	(80.000)	–	–	2012
Executive 2003 **1, 3**	95,000	14.45	(35,000)	(60.000)	–	21.55	2013
Executive 2004 **1, 4**	90,000	18.86	–	(90.000	–	–	2014
AOR 2001	271	22.34	–	(271)	–	–	2008
AOR 2002	296	20.42	–	(296)	–	–	2009
	376,567		(35,000)	(341,567)	–		
H.Y. Scott-Barrett							
Executive 2000	56,000	21.30	–	–	56,000	–	2007
Executive 2001	55,000	23.14	–	–	55,000	–	2008
Executive 2002 **1, 3**	80,000	19.53	–	–	80,000	–	2012
Executive 2003 **1, 3**	95,000	14.45	–	–	95,000	–	2013
Executive 2004 **1, 4**	90,000	18.86	–	–	90,000	–	2014
	376,000		–	–	376,000		
H.G. Boumeester							
Executive 2000	–	21.30	–	20,000	20,000	–	2007
Executive 2001	–	23.14	–	16,875	16,875	–	2008
Executive 2002 **1, 2**	–	19.53	–	25,000	25,000	–	2012
Executive 2003 **1, 3**	–	14.45	(27,500)	27,500	–	21.55	2013
Executive 2004 **1, 4**	–	18.86	–	52,500	52,500	–	2014
	–		(27,500)	141,875	114,375		
P.S. Overmars							
Executive 2000	–	21.30	–	25,000	25,000	–	2007
Executive 2001	–	23.14	–	16,875	16,875	–	2008
Executive 2002 **1, 2**	–	19.53	–	50,000	50,000	–	2012
Executive 2003 **1, 3**	–	14.45	–	55,000	55,000	–	2013
Executive 2004 **1, 4**	–	18.86	–	52,500	52,500	–	2014
	–		–	199,375	199,375		
R. Teerlink							
Executive 2000	–	21.30	–	15,000	15,000	–	2007
Executive 2001	–	23.14	–	16,406	16,406	–	2008
Executive 2002 **1, 2**	–	19.53	–	50,000	50,000	–	2012
Executive 2003 **1, 3**	–	14.45	–	74,500	74,500	–	2013
Executive 2004 **1, 4**	–	18.86	–	52,500	52,500	–	2014
	–		–	208,406	208,406		

1 *Conditionally granted.*
2 *Vested on 25 February 2005.*
3 *Vested on 24 February 2006.*
4 *Vested on 13 February 2007.*
5 *Mr T. de Swaan retired on 1 May 2006.*
6 *Mr C.H.A. Collee stepped down on 31 December 2006.*

The following table shows movements in shares conditionally awarded under the Performance Share Plan. For the years to 2005 the conditional award was based 100% on the bank's ranking in the peer group (TRS ranking). For the year 2005 and 2006, 50% of the award is on the TRS ranking and 50% on the average ROE target for the reference period. The number of shares conditionally awarded on the TRS ranking in the table below assumes a ranking of fifth in the peer group, in line with our ambition. The number of shares conditionally awarded on the ROE target assumes that we will achieve an average ROE above 20% per annum, our target for the performance cycle 2005-2008 and 2006-2009.

	Type of condition	Reference period	Balance at 1 January	Granted	Entered	Left	Expired / forfeited	Balance at 31 December
R.W.J. Groenink	TRS	2003-2006	98,000	–	–	–	(98,000)	–
	TRS	2004-2007	70,000	–	–	–	–	70,000
	TRS	2005-2008	42,000	–	–	–	–	42,000
	ROE	2005-2008	42,000	–	–	–	–	42,000
	TRS	2006-2009	–	42,000	–	–	–	42,000
	ROE	2006-2009	–	42,000	–	–	–	42,000
W.G. Jiskoot	TRS	2003-2006	70,000	–	–	–	(70,000)	–
	TRS	2004-2007	50,000	–	–	–	–	50,000
	TRS	2005-2008	30,000	–	–	–	–	30,000
	ROE	2005-2008	30,000	–	–	–	–	30,000
	TRS	2006-2009	–	30,000	–	–	–	30,000
	ROE	2006-2009	–	30,000	–	–	–	30,000
T. de Swaan **1**	TRS	2003-2006	70,000	–	–	–	(70,000)	–
	TRS	2004-2007	50,000	–	–	(37,500)	(12,500)	–
	TRS	2005-2008	30,000	–	–	(15,000)	(15,000)	–
	ROE	2005-2008	30,000	–	–	(15,000)	(15,000)	–
	TRS	2006-2009	–	30,000	–	(7,500)	(22,500)	–
	ROE	2006-2009	–	30,000	–	(7,500)	(22,500)	–
J.Ch.L. Kuiper	TRS	2003-2006	70,000	–	–	–	(70,000)	–
	TRS	2004-2007	50,000	–	–	–	–	50,000
	TRS	2005-2008	30,000	–	–	–	–	30,000
	ROE	2005-2008	30,000	–	–	–	–	30,000
	TRS	2006-2009	–	30,000	–	–	–	30,000
	ROE	2006-2009	–	30,000	–	–	–	30,000
C.H.A. Collee **2**	TRS	2003-2006	70,000	–	–	–	(70,000)	–
	TRS	2004-2007	50,000	–	–	(37,500)	(12,500)	–
	TRS	2005-2008	30,000	–	–	(15,000)	(15,000)	–
	ROE	2005-2008	30,000	–	–	(15,000)	(15,000)	–
	TRS	2006-2009	–	30,000	–	(7,500)	(22,500)	–
	ROE	2006-2009	–	30,000	–	(7,500)	(22,500)	–
H.Y. Scott-Barrett	TRS	2003-2006	70,000	–	–	–	(70,000)	–
	TRS	2004-2007	50,000	–	–	–	–	50,000
	TRS	2005-2008	30,000	–	–	–	–	30,000
	ROE	2005-2008	30,000	–	–	–	–	30,000
	TRS	2006-2009	–	30,000	–	–	–	30,000
	ROE	2006-2009	–	30,000	–	–	–	30,000

1 *Mr T. de Swaan retired on 1 May 2006.*
2 *Mr C.H.A. Collee stepped down on 31 December 2006.*

	Type of condition	Reference period	Balance at 1 January	Granted	Entered	Left	Expired / forfeited	Balance at 31 December
H.G. Boumeester	TRS	2004-2007	–	–	20,000	–	–	20,000
	TRS	2005-2008	–	–	15,000	–	–	15,000
	ROE	2005-2008	–	–	15,000	–	–	15,000
	TRS	2006-2009	–	30,000	–	–	–	30,000
	ROE	2006-2009	–	30,000	–	–	–	30,000
P.S. Overmars	TRS	2003-2006	–	–	20,000	–	(20,000)	–
	TRS	2004-2007	–	–	20,000	–	–	20,000
	TRS	2005-2008	–	–	15,000	–	–	15,000
	ROE	2005-2008	–	–	15,000	–	–	15,000
	TRS	2006-2009	–	30,000	–	–	–	30,000
	ROE	2006-2009	–	30,000	–	–	–	30,000
R. Teerlink	TRS	2003-2006	–	–	20,000	–	(20,000)	–
	TRS	2004-2007	–	–	20,000	–	–	20,000
	TRS	2005-2008	–	–	15,000	–	–	15,000
	ROE	2005-2008	–	–	15,000	–	–	15,000
	TRS	2006-2009	–	30,000	–	–	–	30,000
	ROE	2006-2009	–	30,000	–	–	–	30,000

1 *Mr T. de Swaan retired on 1 May 2006.*
2 *Mr C.H.A. Collee stepped down on 31 December 2006.*

The following table reflects the number of matched shares the Managing Board will receive under the ABN AMRO Share Investment & Matching Plan at the end of the vesting period, provided the member of the Managing Board remains employed within ABN AMRO during the vesting period.

	Balance at 1 January	Granted	Entered	Left	Expired / cancelled	Balance at 31 December	Vesting period
R.W.J. Groenink	10,692	9,530	–	–	–	20,222	2005-2008
W.G. Jiskoot	7,637	6,807	–	–	–	14,444	2005-2008
T. de Swaan **1**	7,637	378	–	(3,348)	(4,667)	–	2006-2007
J.Ch.L. Kuiper	7,637	6,807	–	–	–	14,444	2005-2008
C.H.A. Collee **2**	7,637	6,807	–	(6,557)	(7,887)	–	2005-2008
H.Y. Scott-Barrett	3,818	3,403	–	–	–	7,221	2005-2008
H. G. Boumeester	–	4,189	4,808	–	–	8,997	2005-2008
P. S. Overmars	–	4,189	4,808	–	–	8,997	2005-2008
R. Teerlink	–	4,189	4,808	–	–	8,997	2005-2008

1 *Mr T. de Swaan retired on 1 May 2006.*
2 *Mr C.H.A. Collee stepped down on 31 December 2006.*

ABN AMRO ordinary shares held by Managing Board members at 31 December [1]

	2006	2005
R.W.J. Groenink	**77,012**	30,574
W.G. Jiskoot	**62,377**	28,827
T. de Swaan [2]	**–**	15,259
J.Ch.L. Kuiper	**65,315**	16,442
C.H.A. Collee [3]	**–**	8,778
H.Y.Scott-Barrett	**51,577**	24,124
H. G. Boumeester	**47,465**	
P. S. Overmars	**16,842**	
R. Teerlink	**20,766**	
Total	**341,354**	124,004

1 *No preference financing shares were held by any Managing Board member.*
2 *Mr T. de Swaan retired on 1 May 2006.*
3 *Mr C.H.A. Collee stepped down on 31 December 2006.*

Loans from ABN AMRO to Managing Board members

(in thousands of euros)	2006		2005	
	Outstanding on 31 December	Interest rate	Outstanding 31 December	Interest rate
R.W.J. Groenink	**4,800**	**3.46**	5,136	3.58
W.G. Jiskoot	**1,674**	**3.60**	1,674	3.94
T. de Swaan [2]	**–**	**–**	1,407	2.75[1]
J.Ch.L. Kuiper	**655**	**3.83**	681	3.72
C.H.A. Collee [3]	**–**	**–**	2,620	3.27
H. G. Boumeester	**2,649**	**4.64**		
P. S. Overmars	**1,163**	**4.00**		
R. Teerlink	**726**	**4.50**		

1 *Variable rate.*
2 *Mr T. de Swaan retired on 1 May 2006*
3 *Mr C.H.A. Collee stepped down on 31 December 2006*

The decrease in outstandings between 31 December 2005 and 31 December 2006 is caused by repayments.

The following table provides information on the remuneration of individual members of the Supervisory Board. As of 1 May 2006 the remuneration was adjusted. The members of the Supervisory Board receive an equal remuneration of EUR 60,000 per annum. For the Vice Chairman this remuneration is EUR 70,000 and for the Chairman EUR 85,000 per annum. For the membership of the Audit Committee an additional allowance of EUR 15,000 for the members is applied on an annual basis. The annual allowance for the members of the Nomination & Compensation Committee and the Compliance Oversight Committee is EUR 10,000. The annual allowance for the Chairman of the Audit Committee is EUR 20,000 and for the Chairmen of the two other Committees EUR 15,000 per annum. The general expenses allowances were abolished and actual business expenses incurred can be declared and are eligible for reimbursement. Supervisory Board members that are not resident in the Netherlands are entitled to general allowances for each Supervisory Board meeting that they attend, namely EUR 7,500 for members who live outside Europe and EUR 5,000 for members who live in Europe. This allowance applies to meetings of both the Supervisory Board and the various committees and is paid only once when meetings are being held on the same day or on consecutive days and is only paid when the members physically attend the meetings.

All amounts are based on a full year, but the actual payment depends on the period of membership during the year. Members of the Supervisory Board are not entitled to emoluments in the form of ABN AMRO shares or options on ABN AMRO shares.

Remuneration of the Supervisory Board

(in thousands of euros)	**2006**	2005
A.C. Martinez **1**	**113**	56
A.A. Olijslager	**73**	45
Mrs L.S. Groenman	**53**	40
D.R.J. Baron de Rothschild **1**	**53**	40
Mrs T.A. Maas-de-Brouwer	**75**	48
M.V. Pratini de Moraes **1**	**66**	45
P. Scaroni **1**	**53**	40
Lord Sharman of Redlynch **1**	**69**	48
R. van den Bergh **1**	**60**	27
A. Ruys	**60**	27
G.J. Kramer	**40**	–
H.G. Randa	**40**	–
A.A. Loudon **2**	**21**	63
A. Burgmans **2**	**22**	48
W. Dik **3**	**–**	16
M.C. van Veen **3**	**–**	20

1 *Excluding an attendance fee.*
2 *Messrs A.A. Loudon and A. Burgmans resigned on 27 April 2006.*
3 *Messrs W. Dik and M.C. van Veen resigned on 29 April 2005.*

ABN AMRO ordinary shares held by Supervisory Board members **1**

	2006	2005
A.C. Martinez **2**	**3,000**	3,000
A.A. Olijslager	**3,221**	3,221
M.V. Pratini de Moraes **2**	**5,384**	5,384
R.F. van den Bergh	**13,112**	8,167
A. Ruys	**2,850**	–
A.A. Loudon **3**	**–**	5,421
A. Burgmans **3**	**–**	9,654
Total	**27,567**	34,847

1 *No financing preference shares were held by any Supervisory Board member.*
2 *ADRs.*
3 *Messrs A.A. Loudon and A. Burgmans resigned on 27 April 2006.*

Loans from ABN AMRO to Supervisory Board members

The outstanding loans at 31 December 2006 amounts to EUR 0.3 million with an interest rate of 3.83% (2005: EUR 2.1 million – 3.00%) and relates to Mrs L.S. Groenman (2005: related to Mr A. Burgmans).

Senior Executive Vice Presidents (SEVPs) Compensation 2006

The reward package for ABN AMRO's SEVPs, the second level of Top Executives, was also introduced in 2001 and – as with the Managing Board – was primarily aimed at maximising total returns to our shareholders.

The compensation for ABN AMRO SEVPs consists of the following core elements:

- *Base salary.* The base salaries are benchmarked against the relevant local markets. The current median base salary is EUR 402,000 (2005: EUR 396,000)
- *Performance bonus.* The annual performance bonus is linked to the respective markets within the various countries where we operate. The median bonus amount paid with respect to the 2006 performance year was EUR 1.3 million (2005: EUR 1 million). Bonuses for individual SEVPs vary widely, again reflecting market and location. No absolute maximum level of bonus has been defined for SEVPs
- *Long-term incentives such as the Performance Share Plan and the Share Investment & Matching Plan.* Long-term incentives are set at a lower level than the applicable yearly grants to Managing Board members. SEVPs received an award under the Top Executive Performance Share Plan and are eligible to participate on a voluntary basis in the Share Investment & Matching Plan. All SEVPs receive identical grants.

In addition, a number of benefits apply in relation to the respective markets and countries of residence.

The total compensation for SEVP's in 2006 amounts to EUR 47 million (2005: EUR 51 million).

44 Share-based payment plans

ABN AMRO grants long-term share-based incentive awards to members of the Managing Board, other top executives and key staff under a number of plans.

The current plans for the Managing Board (Performance Share Plan and Share Investment & Matching Plan) are described in note 43. At a lower level, the Performance Share Plan is also applicable to the second tier of top executives, the SEVPs. Both the SEVPs and the third level of top executives, the EVPs and MDs, may defer a part of their bonus to the Share Investment & Matching Plan. Furthermore, there is a Restricted Share Plan for the EVPs /MDs with performance conditions linked to the average return on equity in line with the Performance Share Plan of the Managing Board. All these plans are equity-settled.

There is also a cash-settled Performance Share Plan for the EVPs/MDs for the performance cycle 2005-2008.

With effect from 2006 share options are no longer granted to key staff. The options are replaced by restricted shares in line with the changes for the top executives in 2005.

Share-based compensation expense totalled EUR 78 million in 2006 (EUR 61 million in 2005 and EUR 4 million in 2004). The total carrying amount of liabilities arising from cash-settled share-based payments transactions amounted to EUR 10 million at 31 December 2006 (2005: EUR 22 million).

Option plans

The fair value of options granted is determined using a Lattice option pricing model. The following table shows the assumptions on which the calculation of the fair value of these options was based. The expected volatility was based on historical volatility.

For the calculation of the fair value of the options granted to the Top Executives in 2004, the same assumptions were used. The expense recorded in 2006 regarding all options plans amounted to EUR 28 million (2005: EUR 43 million).

	2005	2004
Grant date	16 February 2005	13 February 2004
Expiration date	16 February 2015	13 February 2014
Exercise price (in euros)	21.24	18.86
Share price on grant date (in euros)	21.24	18.86
Volatility	34%	35%
Expected dividend yield	5.2%	4.7%
Interest rate	3.7%	4.3%
Fair value at grant date (in euros)	4.24	3.98

The following table shows the movements of options outstanding.

	2006		2005		2004	
	Number of options (in thousands)	Average exercise price (in euros)	Number of options (in thousands)	Average exercise price (in euros)	Number of options (in thousands)	Average exercise price (in euros)
Balance at 1 January	**62,269**	**19.06**	63,050	18.94	59,149	19.30
Movements:						
Options granted to Managing Board members	**–**	**–**	–	–	576	18.86
Options granted to other Top Executives	**–**	**–**	–	–	6,175	18.86
Other options granted	**–**	**–**	7,939	21.24	8,254	18.76
Options forfeited	**(1,225)**	**19.04**	(2,780)	18.29	(760)	18.03
Options exercised	**(7,791)**	**17.11**	(1,868)	18.05	(3,160)	18.10
Options expired	**–**	**–**	(4,072)	22.43	(7,184)	22.04
Balance at 31 December	**53,253**	**19.35**	62,269	19.06	63,050	18.94
Of which exercisable	**32,757**	**19.15**	26,873	20.96	19,599	21.96
Of which exercisable and in the money	**32,601**	**19.14**	17,413	20.01	1,551	17.95
Of which hedged	**19,177**	**18.59**	26,968	18.14	28,837	18.06

In 2006 and 2005, the price of options exercised ranged from EUR 23.14 to EUR 14.45, compared to an average share price of EUR 22.81 in 2006 and EUR 20.11 in 2005. If all exercisable rights were to be exercised, shareholders' equity would increase by an amount of EUR 627 million (2005: EUR 563 million). Deliveries on options exercised in 2006 were made from share repurchases on the date of grant (7,791,365 shares; 2005: 1,868,242 shares) and from new shares issued on the exercise date (no shares; 2005: no shares).

The following tables further detail the options outstanding at 31 December 2006:

	Outstanding (in thousands)	Average exercise price (in euros)	Low/high exercise price (in euros)
Year of expiration			
2007	3,776	21.30	21.30
2008	8,764	22.73	23.14-22.34
2009	3,827	20.42	20.42
2010	807	15.06	15.06
2011	495	17.12	17.12
2012	6,855	19.17	19.53-17.46
2013	8,727	14.45	14.65-14.45
2014	12,749	18.86	19.06-18.86
2015	7,253	21.24	21.24
Total	53,253	19.35	23.14-14.45

	Options outstanding			Options Exercisable	
	Oustanding (in thousands)	Weighted-average exercise price (in euros)	Weighted-average remaining contractual life (in years)	Exercisable (in thousands)	Weighted–average exercise price (in euros)
Range of exercise price (in euros)					
14.45-17.50	11,232	14.93	5.82	10,737	14.83
17.51-20.00	18,402	19.07	6.52	5,653	19.53
20.01-22.50	19,224	21.35	3.91	11,972	21.41
> 22.51	4,395	23.07	1.14	4,395	23.07
Total	53,253	19.35	4.99	32,757	19.15

Share plans

For the calculation of the expense for the share plans, various models were used. The total expense in 2006 amounted to EUR 50 million (2005: EUR 19 million). The following table presents a summary of all shares conditionally granted to the Top Executives of ABN AMRO. For the number of shares granted on the TRS-ranking under the Performance Share Plan, a ranking of fifth in the peer group has been assumed.

(in thousands)	**2006**	2005	2004
Balance at 1 January	**5,637**	3,688	4,741
Granted	**6,212**	2,892	1,797
Forfeited	**(1,633)**	(283)	(2,850)
Vested	**(1,037)**	(660)	–
Balance at 31 December	**9,179**	5,637	3,688

45 Discontinued operations and assets and liabilities held for sale

On 1 December 2006, the Group disposed of the property development and management activities of its Bouwfonds subsidiary. The Bouwfonds Property Development, Bouwfonds Asset Management, Bouwfonds Fondsenbeheer, Rijnlandse Bank and Bouwfonds Holding were sold to Rabobank for a cash consideration of EUR 852 million and the Bouwfonds Property Finance activities were sold to SNS Bank for a cash consideration of EUR 825 million. The total net gain on the sale of Bouwfonds amounted to EUR 338 million.

During 2006, the Group actively began to market the assets of the national residential mortgage line of business (ABN AMRO Mortgage Group, Inc.), a subsidiary of ABN AMRO LaSalle Bank Midwest. The sale transaction closed on 28 February 2007.

The results of these transactions have been presented as discontinued operations with the comparative figures for 2005 and 2004 re-presented. In addition, the assets and liabilities of the ABN AMRO Mortgage Group, Inc. have been reported as assets of businesses held for sale and liabilities of businesses held for sale in the consolidated balance sheet.

Income statement of discontinued operations:

	2006	2005	2004
Operating income	**934**	881	844
Operating expenses	**525**	595	585
Operating profit before tax	**409**	286	259
Gain on disposal	**327**	–	–
Profit before tax	**736**	286	259
Tax on operating profit	**138**	99	55
Tax arising on disposal	**(11)**	–	–
Profit from discontinued operations			
classified in current period	**609**	187	204
classified in prior period	**–**	–	1,447
Profit from discontinued operations net of tax	**609**	187	1,651

The table below provides a further breakdown of the operating result and gain on disposal of discontinued operations in 2006 by major lines of business. In our segment disclosure note the Bouwfonds results are included in the segment BU Netherlands and ABN AMRO Mortgage Group, Inc. in the BU North America.

	2006	2005	2004
Bouwfonds non-mortgage business			
Operating income	**534**	505	406
Operating expenses	**273**	287	208
Loan impairment and other credit risk provisions	**19**	13	9
Operating profit before tax	**242**	205	189
Gain recognised on disposal	**327**	–	–
Profit from discontinued operations before tax	**569**	205	189
Income tax expense on operating profit	**75**	69	43
Income tax expense on gain on disposal	**(11)**	–	-
Profit from discontinued operations net of tax	**505**	136	146
ABN AMRO Mortgage Group Inc.			
Operating income	**400**	376	438
Operating expenses	**233**	295	368
Operating profit before tax	**167**	81	70
Income tax expense on operating profit	**63**	30	12
Profit from discontinued operations net of tax	**104**	51	58

Earnings per share attributable to the shareholders of the parent company for discontinued operations

(in euros)	**2006**	2005	2004
Basic, from discontinued operations	**0.32**	0.10	0.99
Diluted, from discontinued operations	**0.32**	0.10	0.99

The major classes of assets and liabilities classified as held for sale as at 31 December are as follows:

	2006
Assets	
Cash and balances with central banks	14
Financial assets held for trading	104
Financial investments	132
Loans and receivables – banks	53
Loans and receivables – customers	4,532
Property and equipment	1,012
Goodwill and other intangible assets	2,449
Accrued income and prepaid expenses	62
Other assets	3,492
Assets of businesses held for sale	11,850
Liabilities	
Due to banks	973
Due to customers	2,397
Provisions	22
Accrued expenses and deferred income	71
Other liabilities	244
Liabilities of businesses held for sale	3,707
Net assets directly associated with disposal businesses	8,143

These balances mainly consist of ABN AMRO Mortgage Group, Inc.

46 Related parties

The Group has a related party relationship with associates (see notes 20 and 41), joint ventures (see note 42), pension funds (see note 28) and key management (see note 43).

The Group enters into a number of banking transactions with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. These transactions were carried out on commercial terms and at market rates except for employees, which are offered preferential terms for certain banking products. No allowances for loan losses have been recognised in respect of loans to related parties in 2006 and 2005.

47 First-time adoption of IFRS

The impact of transition from Dutch GAAP to IFRS can be summarised as follows:

Reconciliation of shareholders' equity under Dutch GAAP to IFRS

	1 January 2004	31 December 2004
Shareholders' equity under Dutch GAAP	13,047	14,972
Release of fund for general banking risks I	1,143	1,149
Reclassification of preference shares to subordinated liabilities II	(813)	(767)
Reversal of property revaluation III	(130)	(87)
Reclassification regarding ABN AMRO Banco Real to subordinated liabilities IV	(231)	(231)
Transition impacts		
Release of interest equalisation reserve relating to the investment portfolio V	1,563	
Derivatives and hedging VI	(560)	
Fair value adjustments VII	(160)	
Private equity (consolidation and fair valuation) VIII	56	
Loan impairment provisioning IX	(405)	
Property development X	(108)	
Differences at LeasePlan Corporation XI	(148)	
Equity accounted investments XII	(100)	
Employee benefit obligations XIII	(1,475)	
Other XIV	(355)	
Total transition impact before taxation	(1,692)	
Taxation impact	(577)	
Total transition items (net of taxation)	(1,115)	(1,115)
Difference in 2004 profit	–	(244)
Impact of gains and losses not recognised in income statement		
Available-for-sale reserve XV	489	818
Cash flow hedging reserve XVI	(165)	(283)
Dutch GAAP pension booking to equity not applicable under IFRS XVII	–	479
Difference in currency translation account movement XVIII	–	(40)
Other differences affecting IFRS and Dutch GAAP equity		
Equity settled derivatives on own shares XIX	(106)	16
Goodwill capitalisation under IFRS XX	–	46
Other XXI	–	102
Total impact	(928)	(157)
Total shareholders' equity under IFRS	12,119	14,815

I Release of fund for general banking risks

The fund for general banking risks is considered to be a general reserve and is not permitted under IFRS. The fund balance as at 1 January 2004 was transferred to shareholders' equity.

II Reclassification of preference shares to subordinated liabilities

IFRS requires the reclassification from equity to debt of preference shares (and other instruments, if applicable) if ABN AMRO, the issuer, does not have full discretion regarding payment of dividends and the repayment of the underlying notional.

III Reversal of property revaluation

Under Dutch GAAP, bank premises, including land, were stated at replacement cost and fully depreciated on a straight-line basis over their useful lives with a maximum of 50 years. Value adjustments, net of tax, were credited or charged to a separate component of shareholders' equity called the revaluation reserve. Under IFRS property is stated at historical cost, less any adjustments for impairment, and depreciated on a straight-line basis over their useful lives.

IV Reclassification regarding Banco ABN AMRO Real to subordinated liabilities

As part of the acquisition of Banco Sudameris Brasil S.A a contingent payable that qualified as minority interest under Dutch GAAP was determined to be a liability under IFRS and measured at fair value.

V Release of interest equalisation reserve relating to the investment portfolio

Under Dutch GAAP, bonds and similar debt securities included in the investment portfolios (other than securities on which a large part or all of the interest is settled on redemption) were stated at redemption value less any diminution in value deemed necessary. Net capital gains realised prior to maturity date in connection with replacement operations were recognised as deferred interest income in the interest equalisation reserve and amortised to income over the duration of the investment portfolio.

Under IFRS all bonds and similar debt securities included in the investment portfolio are either classified as held to maturity or available for sale. Unlike under Dutch GAAP realised gains and losses on available for sale securities are recognised directly in income on disposal.

VI Derivatives and hedging

Under Dutch GAAP, derivatives that were used to manage either the overall structural interest rate exposure of the Group or designated to manage the interest exposure within specific assets and liabilities were accounted for on an accrual basis. Therefore, changes in the fair value of the derivatives were not recorded. Under IFRS, all derivatives are recognised as either assets or liabilities and measured at fair value. If the derivative is a hedge and the hedge accounting requirements are met, changes in fair value of a designated derivative that is highly effective as a fair value hedge, together with the change in fair value of the corresponding asset, liability or firm commitment attributable to the hedged risk, are included directly in earnings. Changes in fair value of a designated derivative that is highly effective as a cash flow hedge are included in equity and reclassified into earnings in the same period during which the hedged forecasted cash flow affects earnings. Any ineffectiveness is reflected directly in earnings.

VII Fair value adjustments

Under Dutch GAAP, except for trading positions all financial instruments were carried at cost including non-trading derivatives (see above) and features embedded in non-derivative assets and liabilities that under IFRS are to be recognised as a derivative. Transition to IFRS included valuing a number of non-trading and embedded derivatives and assets and liabilities designated to be measured at fair value under IFRS to a fair value basis. This caption also includes the application of the IFRS fair value measurement guidance.

VIII Private equity (consolidation and fair valuation)

Under Dutch GAAP, private equity investments were held at cost (less impairment where required). Under IFRS, private equity investments that are not controlled are accounted for at fair value with changes reported through income. Private equity investments that are controlled are consolidated

IX Loan impairment provisioning

Under Dutch GAAP, specific provisions against individually significant and not individually significant (portfolio basis) non-performing loans are determined by estimating the future cash flows on an undiscounted basis. Under IFRS, specific loan loss provisions are determined by reference to estimated future cash flows on a discounted basis. This constitutes the predominant part of the determined transition amount.

X Property development

This represented the impact of applying the percentage of completion method to our housing development business at our subsidiary Bouwfonds.

XI Differences at LeasePlan Corporation

Under Dutch GAAP, the majority of the Group's Leasing business was accounted for as a financing arrangement.

Under IFRS, a major part of the Group's leasing business was assessed to be conducted through operating leases. Operating lease accounting under IFRS requires the leased asset to be included within Property and Equipment and to be depreciated, with income booked as a form of rental.

XII Equity accounted investments

This adjustment of EUR 100 million represents the estimated amount resulting from the adoption of IFRS at the key associates (Antonveneta and Capitalia) who at 1 January 2004 had not completed their IFRS conversion project. The actual impact was EUR 130 million. This difference was recorded in 2005 income.

XIII Employee benefit obligations

Under Dutch GAAP, we applied SFAS 87: Employers Accounting for Pensions. Under IFRS, the Group implemented IAS 19 'Employee Benefits'. As permitted under IFRS 1 'First-time Adoption of International Financial Reporting Standards', the Group have elected to recognise all cumulative actuarial gains and losses as at 1 January 2004 against shareholders' equity.

XIV Other

The main item included in other transition items relates to loan fees and amounts to EUR 150 million at 1 January 2004. Under IFRS additional non-reimbursable loan fees are deferred over the lifetime of the related facility.

XV Available-for-sale reserve

This represents the impact of fair valuing available for sale debt and equity securities.

XVI Cash flow hedging reserve

This represents the fair value at transition of all derivatives designated in cash flow hedging programmes.

XVII Dutch GAAP pension booking to equity not applicable under IFRS

Under Dutch GAAP, the Group recorded a minimum pension liability as required under SFAS 87, while under IFRS no such requirement exists.

XVIII Difference in currency translation account movement

The currency translation account was reset to zero at 1 January 2004 (the transition date). The difference in currency translation account movements during 2004 relates to differences in the carrying amount of our subsidiaries and associates under IFRS that do not have the euro as their functional currency.

XIX Equity settled derivatives on own shares

This difference is related to written options on own shares, that could be settled in own shares. Under IFRS the notional amounts of the shares are separately reported within equity with an offset reported in other liabilities.

XX Goodwill capitalisation under IFRS

During 2004, goodwill on new acquisitions was capitalised under IFRS but not under Dutch GAAP. The Group applied the business combination exemption as permitted under IFRS 1 thus there was no transition impact for this item.

XXI Other

This includes reversing the impact of dividends on preference shares that were charged through equity under Dutch GAAP in 2004 and through income under IFRS as well as costs incurred on issuances classified as debt under IFRS and equity under Dutch GAAP.

Reconciliation of 2004 net profit under Dutch GAAP to IFRS

	2004
Net profit under Dutch GAAP	4,109
Dividends accrued on preference shares	(43)
Net profit available to shareholders under Dutch GAAP	4,066
Reconciling items:	
Interest equalisation reserve amortisation relating to investment portfolio	(454)
Available-for-sale realisations and other (including hedging)	(19)
Mortgage banking activities **XXII**	(161)
Fair value adjustments	(230)
Derivatives	11
Private equity	129
Employee benefit obligations **XXIII**	89
Employee stock options	(21)
Differences in gain on sale of LeasePlan Corporation and Bank of Asia	224
Redemption costs relating to preference shares classified as interest cost under IFRS **XXIV**	(42)
Loan impairment provisioning	29
Other	(39)
Total impact before taxation	(484)
Tax effect	283
Net profit impact	(201)
Profit attributable to equity holders of the parent company under IFRS	3,865

XXII Mortgage banking activities

Under Dutch GAAP, all mortgage servicing rights were carried at the lower of initial carrying value, adjusted for amortisation, or fair value. Mortgage servicing rights were amortised in proportion to, and over the period of, net estimated servicing income. The carrying amount or book basis of servicing rights includes the unamortised cost of servicing rights, deferred realised gains and losses on derivative hedges and valuation reserves.

Under IFRS the basis for determining the fair value of mortgage servicing rights is consistent with Dutch GAAP. However, under IFRS, the carrying amount of servicing rights does not include deferred gains and losses on derivative hedges realised subsequent to 1 January 2004. Under IFRS, the components of the carrying amount of servicing rights include their unamortised cost and the basis adjustment arising from fair value hedge relationships.

XXIII Employee benefit obligations

Under Dutch GAAP, equity settled share options schemes were recorded based on the intrinsic values at grant date, which in all cases was zero. Under IFRS, equity settled share options and other share schemes are initially assessed at fair value at grant date and charged to income over the vesting period.

XXIV Redemption costs relating to preference shares classified as interest cost under IFRS

The dividends paid on preference shares were recorded as distributions to equity holders under Dutch GAAP. These dividend payments are presented as interest expense under IFRS, consistent with the presentation of these preference shares as liabilities.

48 Subsequent events

ABN AMRO Mortgage Group, Inc.

On 22 January 2007 ABN AMRO announced that it has reached an agreement to sell ABN AMRO Mortgage Group, Inc., its US-based residential mortgage broker origination platform and servicing business, which includes ABN AMRO Mortgage Group, InterFirst and Mortgage.com, to Citigroup. Citigroup will purchase approximately EUR 7.8 billion in net assets, of which approximately EUR 2.1 billion is ABN AMRO Mortgage Group's mortgage servicing rights associated with its EUR 170 billion mortgage servicing portfolio. The sale transaction closed on 28 February 2007.

49 Major subsidiaries and participating interests

(Unless otherwise stated, the bank's interest is 100% or almost 100%, on 14 March 2007. Those major subsidiaries and participating interests that are not 100% consolidated but are accounted for under the equity method (a) or proportionally consolidated (b) are indicated separately).

ABN AMRO Bank N.V., Amsterdam

Netherlands

AAGUS Financial Services Group N.V., Amersfoort (67%)
AA Interfinance B.V., Amsterdam
ABN AMRO Arbo Services B.V., Amsterdam
ABN AMRO Asset Management (Netherlands) B.V., Amsterdam
ABN AMRO Effecten Compagnie B.V., Amsterdam
ABN AMRO Hypotheken Groep B.V., Amersfoort
ABN AMRO Mellon Global Securities Services B.V., Amsterdam (50%) (b)
ABN AMRO Participaties B.V., Amsterdam
ABN AMRO Projectontwikkeling B.V., Amersfoort
ABN AMRO Ventures B.V., Amsterdam
Altajo B.V., Amsterdam (50%) (b)
Amstel Lease Maatschappij N.V., Utrecht
Delta Lloyd ABN AMRO Verzekeringen Holding B.V., Zwolle (49%) (a)
Hollandsche Bank-Unie N.V., Rotterdam
IFN Group B.V., Rotterdam
Solveon Incasso B.V., Utrecht
Stater N.V., Hoevelaken

Outside the Netherlands

Europe

ABN AMRO Asset Management Holdings Ltd., London
ABN AMRO Asset Management Ltd., London
ABN AMRO Asset Management (Deutschland) GmbH, Frankfurt am Main
ABN AMRO Asset Management Fondsmaeglerselskab AS, Copenhagen
ABN AMRO Asset Management (Schweiz) A.G., Zurich
ABN AMRO Bank (Deutschland) AG, Frankfurt am Main
ABN AMRO Bank (Luxembourg) S.A., Luxembourg
ABN AMRO Bank (Polska) S.A., Warsaw
ABN AMRO Bank (Romania) S.A., Bucharest
ABN AMRO Bank (Schweiz) A.G., Zurich
ABN AMRO Bank ZAO, Moscow
ABN AMRO Capital Ltd., London

ABN AMRO Corporate Finance Ltd., London
ABN AMRO Förvaltning ASA, Oslo
ABN AMRO France S.A., Paris
  Banque Neuflize OBC, Paris
ABN AMRO Fund Managers (Ireland) Ltd., Dublin
ABN AMRO Infrastructure Capital Management Limited, London
ABN AMRO International Financial Services Company, Dublin
ABN AMRO Investment Funds S.A., Luxembourg
ABN AMRO Kapitalförvaltning AB, Helsinki
Alfred Berg Holding AB, Stockholm
Alfred Berg Asset Management AB, Stockholm
Antonveneta ABN AMRO Società di Gestione del Risparmio SpA, Milan
(45% ABN AMRO Bank N.V.; 55% Banca Antonveneta Group) (a)
Artemis Investment Management Ltd., Edinburgh (69%)
Aspis International Mutual Funds Management S.A., Athens (45%) (a)
Banca Antonveneta SpA, Padova
Capitalia SpA, Roma (8.6%) (a)
CM Capital Markets Holding S.A., Madrid (45%) (a)
Delbrück Bethmann Maffei AG, Frankfurt am Main
Hoare Govett Ltd., London

North America

ABN AMRO Asset Management Canada Ltd, Toronto
ABN AMRO Capital Markets Canada Ltd., Toronto
ABN AMRO Bank (Mexico) S.A., Mexico City
ABN AMRO North America Holding Company, Chicago (holding company, voting right 100%, equity participation 92%)
  LaSalle Bank Corporation, Chicago
    LaSalle Bank N.A., Chicago
      LaSalle Financial Services, Inc., Chicago
      LaSalle National Leasing Corporation, Chicago
        LaSalle Business Credit, LLC., Chicago
    LaSalle Bank Midwest N.A., Troy
      ABN AMRO Mortgage Group, Inc., Chicago
    ABN AMRO Advisory, Inc., Chicago (81%)
    ABN AMRO Capital (USA) Inc., Chicago
    ABN AMRO Incorporated, Chicago
      ABN AMRO Rothschild LLC, New York (50%) (b)
ABN AMRO Asset Management Holdings, Inc., Chicago
    ABN AMRO Asset Management Inc., Chicago
    ABN AMRO Investment Fund Services, Inc, Chicago
    Montag & Caldwell, Inc., Atlanta

Middle East

Saudi Hollandi Bank, Riyadh (40%) (a)

Rest of Asia

ABN AMRO Asia Ltd., Hong Kong
ABN AMRO Asia Corporate Finance Ltd., Hong Kong
ABN AMRO Asset Management (Asia) Ltd., Hong Kong
ABN AMRO Asset Management (Japan) Ltd., Tokyo
ABN AMRO Asset Management (India) Ltd., Mumbai (75%)
ABN AMRO Asset Management (Singapore) Ltd., Singapore

ABN AMRO Bank Berhad, Kuala Lumpur
ABN AMRO Bank (Kazakhstan) Ltd., Almaty (80%)
ABN AMRO Bank N.B., Uzbekistan A.O., Tashkent (58%)
ABN AMRO Bank (Philippines) Inc., Manila
ABN AMRO Central Enterprise Services Private Ltd., Mumbai
ABN AMRO Securities (India) Private Ltd., Mumbai (75%)
ABN AMRO Securities Investment Consultant Co. Ltd., Taipei
ABN AMRO Securities (Japan) Ltd., Tokyo
PT ABN AMRO Finance Indonesia, Jakarta (70%)
PT ABN AMRO Manajemen Investasi Indonesia, Jakarta (96%)

Australia

ABN AMRO Asset Management (Australia) Ltd., Sydney
ABN AMRO Australia Ltd., Sydney
  ABN AMRO Asset Securitisation Australia Pty Ltd., Sydney
  ABN AMRO Corporate Finance Australia Ltd., Sydney
  ABN AMRO Equities Australia Ltd., Sydney
ABN AMRO Capital Management (Australia) Pty Limited, Sydney
ABN AMRO Equities Capital Markets Australia Ltd., Sydney
ABN AMRO Investments Australia Ltd., Sydney
ABNED Nominees Pty Ltd., Sydney

New Zealand

ABN AMRO Equity Derivatives New Zealand Limited, Auckland
ABN AMRO New Zealand Ltd., Auckland
ABN AMRO Securities NZ Ltd., Auckland

Latin America

ABN AMRO Asset Management DVTM S.A., Sao Paulo
ABN AMRO Bank (Chile) S.A., Santiago de Chile
ABN AMRO Bank (Colombia) S.A., Bogota
ABN AMRO Brasil Participaçôes Financeiras S.A., Sao Paulo
ABN AMRO Brasil Dois Participaçôes S.A., São Paulo
  Banco ABN AMRO Real S.A., Sao Paulo (96.65%)
  Banco de Pernambuco S.A., BANDERE, Recife
  Banco Sudameris Brasil S.A., Sao Paulo (94.58%)
  Real Tokio Marine Vida e Previdência S.A., (50%) (b)
ABN AMRO (Chile) Seguros Generales S.A., Santiago de Chile
ABN AMRO (Chile) Seguros de Vida S.A., Santiago de Chile
Real Paraguaya de Seguros S.A., Asuncion
Real Uruguaya de Seguros S.A., Montevideo

The list of participating interests under which statements of liability have been issued has been filed at the Amsterdam Chamber of Commerce.

Company financial statements ABN AMRO Holding N.V. (Parent Company) 2006

Accounting policies

The company financial statements of ABN AMRO Holding N.V. have been prepared in accordance with the requirements in Title 9 Book 2 of the Dutch Civil Code. The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied in the company financial statements are the same as those applied in the consolidated financial statements. Participating interests in Group companies are valued at net asset value determined on the basis of IFRS as adopted by the European Union. Reference is made to page 134.

Participating interests in Group companies

ABN AMRO Holding N.V. has one participation and is the sole shareholder of ABN AMRO Bank N.V, Amsterdam.

Basis of preparation

The financial statements are presented in euros, which is the presentation currency of the company, rounded to the nearest million (unless otherwise noted).

Company income statement for the year ended 31 December

(in millions of euros)	**2006**	2005	2004
Profits of participating interests after taxes	**4,681**	4,398	3,948
Other profits after taxes	**34**	(16)	(83)
Net profit	**4,715**	4,382	3.865

Company balance sheet at 31 December

(in millions of euros)	**2006**	2005
Assets		
Financial investments **a**	**20**	20
Loans and receivables – banks **b**	**2,487**	3,685
Participating interests in group companies **c**	**21,939**	19,332
Accrued income and prepaid expenses **d**	**4**	4
Total assets	**24,450**	23,041
Liabilities		
Due to customers	**20**	20
Other liabilities **e**	**65**	32
Total liabilities (excluding subordinated liabilities)	**85**	52
Subordinated liabilities **f**	**768**	768
Total liabilities	**853**	820
Equity		
Share capital	**1,085**	1,069
Share premium	**5,245**	5,269
Treasury shares	**(1,829)**	(600)
Retained earnings	**18,599**	15,237
Net gains / (losses) not recognised in the income statement	**497**	1,246
Shareholders' equity **g**	**23,597**	22,221
Total equity and liabilities	**24,450**	23,041

Drawn up in accordance with section 2:402 of the Netherlands Civil Code.
Letters stated against items refer to the notes. The notes to the company balance sheet are an integral part of these financial statements.

Company statement of changes in equity for the year ended 31 December

(in millions of euros)	**2006**	2005	2004
Issued and paid up share capital			
Balance at 1 January	**1,069**	954	919
Issuance of shares	**–**	82	–
Exercised options and warrants	**16**	–	2
Dividends paid in shares	**–**	33	33
Balance at 31 December	**1,085**	1,069	954
Share premium			
Balance at 1 January	**5,269**	2,604	2,549
Issuance of shares	**–**	2,611	–
Options and conversion rights exercised	**–**	–	48
Share-based payments	**111**	87	40
Dividends paid in shares	**(135)**	(33)	(33)
Balance at 31 December	**5,245**	5,269	2,604
Treasury shares			
Balance at 1 January	**(600)**	(632)	(119)
Share buy-back	**(2,204)**	32	(513)
Utilised for dividends paid in shares	**832**	–	–
Utilised for exercise of options and performance share plans	**143**	–	–
Balance at 31 December	**(1,829)**	(600)	(632)
Retained earnings			
Balance at 1 January	**15,237**	11,580	8,469
Profit attributable to shareholders of the parent company	**4,715**	4,382	3,865
Cash dividends paid to shareholders of the parent company	**(807)**	(659)	(694)
Dividends paid in shares to shareholders of the parent company	**(656)**	–	–
Other	**110**	(66)	(60)
Balance at 31 December	**18,599**	15,237	11,580
Equity settled own share derivatives			
Balance at 1 January	**–**	–	(106)
Change in market value and settlements	**–**	–	106
Balance at 31 December	**–**	–	–
Net gains/(losses) not recognised in the income statement			
Currency translation account			
Balance at 1 January	**842**	(238)	–
Transfer to income statement relating to disposals	**(7)**	(20)	2
Currency translation differences	**(427)**	1,100	(240)
Subtotal – Balance at 31 December	**408**	842	(238)
Net unrealised gains/(losses) on available-for-sale assets			
Balance at 1 January	**1,199**	830	572
Net unrealised gains/(losses) on available-for-sale assets	**(233)**	717	509
Net losses/(gains) reclassified to the income statement	**(602)**	(348)	(251)
Subtotal – Balance at 31 December	**364**	1,199	830
Cash flow hedging reserve			
Balance at 1 January	**(795)**	(283)	(165)
Net unrealised gains/(losses) on cash flow hedges	**735**	(386)	106
Net losses / (gains) reclassified to the income statement	**(215)**	(126)	(224)
Subtotal – Balance at 31 December	**(275)**	(795)	(283)
Net gains / (losses) not recognised in the income statement at 31 December	**497**	1,246	309
Total shareholders' equity at 31 December	**23,597**	22,221	14,815

The notes to the company statement of changes in equity are an integral part of the financial statements.

Notes to the company financial statements

(all amounts are in millions of euros)

a Financial investments

The amount included in this item represents commercial paper.

(in millions of euros)	**2006**	2005
Balance at 1 January	**20**	10
Purchases	**108**	89
Sales	**(108)**	(79)
Balance at 31 December	**20**	20

b Loans and receivables – banks

This item includes loans and deposits to and other interbank relations with Group companies. The maturity of these loans and receivables is less than one year.

c Participating interests in Group companies

Dividends due from ABN AMRO Bank N.V. to ABN AMRO Holding N.V. amounted to EUR 2,211 million (2005: EUR 1,520 million).

(in millions of euros)	**2006**	2005
Balance at 1 January	**19,332**	15,843
Net profit for the year	**4,681**	4,398
Dividends received	**(1,520)**	(1,751)
Currency translation differences	**(433)**	1,080
Other movements	**(121)**	(238)
Balance at 31 December	**21,939**	19,332

d Accrued income and prepaid expenses

This item includes income and expenses recognised in the period under review, the actual receipt or payment of which falls in a different period.

e Other liabilities

This item includes amongst others income taxes payable amounting to EUR 29 million and an accrual for payments on preference shares.

f Subordinated liabilities

In 2004, as part of our revised corporate governance processes, the registered preference shares outstanding at the end of 2003 with a defence function were cancelled and new registered convertible financing preference shares were issued that perform no defence function. During 2005 and 2006 the number of outstanding convertible financing preference shares (face value EUR 0.56) remained unchanged at 1,369,815,864. Also remained unchanged was the number of outstanding (formerly convertible) preference shares (face value EUR 2.24) at 44,988. The dividend on the financing preference shares has been fixed with effect from 1 October 2004 at 4.65% of the face value. This percentage will be adjusted on 1 January 2011 in the manner stipulated in the articles of association.

Dividends on the financing (formerly convertible) preference shares rank above ordinary dividends for distribution and in the event of liquidation. The dividend on these preference shares, which were convertible until 31 October 2003, has been fixed at 1 January 2004 at EUR 0.95 per share per annum until the end of 2013.

g Shareholders' equity

Shareholders' equity

(in millions of euros)	**2006**	2005
Share capital	**1,085**	1,069
Reserves	**22,512**	21,152
Total	**23,597**	22,221

Share capital

	2006	2005
Movements in number of issued ordinary shares		
Balance at 1 January	**1,909,738,427**	1,702,888,861
New issue	**–**	145,278,482
Dividends paid in shares	**27,109,089**	61,571,084
Balance at 31 December	**1,936,847,516**	1,909,738,427

	2006	2005
Movements in number of treasury shares		
Balance at 1 January	**31,818,402**	33,686,644
Used for options exercised and performance share plans	**(8,454,965)**	(1,868,242)
Share buy-back	**95,899,360**	–
Dividends paid in shares	**(36,202,072)**	–
Balance at 31 December	**83,060,725**	31,818,402

Reserves

(in millions of euros)	**2006**	2005
Movements in reserves		
Share premium account	**5,245**	5,269
Non distributable reserve shares	**10**	10
Non distributable profit participations	**491**	542
Currency translation differences reserve	**408**	842
Cash flow hedge reserve	**(275)**	(795)
Available for sale assets reserve	**364**	1,199
Unrealised gains on financial instruments elected to fair value	**222**	381
Other reserves	**16,047**	13,704
Total reserves	**22,512**	21,152

The share premium account is mainly regarded as paid-up capital for tax purposes. Of total reserves EUR 1,548 million (2005: EUR 3,104 million) is not distributable.

Guarantees

ABN AMRO Holding N.V. guarantees all liabilities of ABN AMRO Bank N.V.

Remuneration Managing Board

Reference is made to note 43 of the consolidated financial statements.

Amsterdam, 14 March 2007

Supervisory Board

Arthur Martinez (Chairman)
André Olijslager (Vice Chairman)
Louise Groenman
David Baron de Rothschild
Trude Maas-de Brouwer
Marcus Pratini de Moraes
Paolo Scaroni
Lord Sharman of Redlynch
Rob van den Bergh
Anthony Ruys
Gert-Jan Kramer
Gerhard Randa

Managing Board

Rijkman Groenink
Wilco Jiskoot
Joost Kuiper
Hugh Scott-Barrett
Huibert Boumeester
Piero Overmars
Ron Teerlink

OTHER INFORMATION

OTHER INFOR-MATION

To the Supervisory Board and the Managing Board of ABN AMRO Holding N.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2006 of ABN AMRO Holding N.V., Amsterdam (as set out on pages 131 to 248). The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2006, the company income statement and statement of changes in equity for the year then ended and the notes.

Management's responsibility

Management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, with International Financial Reporting Standards and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the other sections of the Annual Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of ABN AMRO Holding N.V. as at 31 December 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, with International Financial Reporting Standards and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of ABN AMRO Holding N.V. as at 31 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 14 March 2007

for Ernst & Young Accountants

sgd C. B. Boogaart

Stipulations of the articles of association with respect to profit appropriation

Profit is appropriated in accordance with article 37 of the articles of association. The main stipulations with respect to classes and series of shares currently in issue are as follows:

1 The holders of preference financing shares convertible into ordinary shares (preference shares) issued pursuant to the resolution passed by the extraordinary meeting of shareholders on 25 August 2004 will receive a dividend of EUR 0.02604 per share, representing 4.65% of the face value. As from 1 January 2011, and every ten years thereafter, the dividend percentage on the preference shares will be adjusted in line with the arithmetical average of the ten-year euro-denominated interest rate swap as published by Reuters on the relevant dividend calculation dates, plus an increment to be set by the Managing Board with the approval of the Supervisory Board. This increment will be of no less than 25 basis points and no more than one hundred basis points, depending on the market situation at that time (article 37.2.a.1. and a.2.).

The holders of preference shares that were formerly convertible into ordinary shares (convertible shares) will receive a dividend of EUR 0.95 per share, representing 3.3231% of the amount paid on each share as of 1 January 2004. As from 1 January 2014, and every ten years thereafter, the dividend on the convertible shares will be adjusted in the manner described in the articles of association (article 37.2.a.4.).

No profit distributions will be made to holders of preference shares or convertible shares in excess of the maximum levels defined above (article 37.2.a.6.).

2 From the profit remaining after these distributions, the Managing Board may decide to make appropriations to reserves, subject to the approval of the Supervisory Board (article 37.2.b.).

3 The allocation of the amount remaining after these appropriations shall be determined by the General Meeting of Shareholders. The Managing Board, subject to the approval of the Supervisory Board, shall make a proposal to that effect. A proposal to pay a dividend shall be dealt with as a separate item at the General Meeting of Shareholders (article 37.2.b.).

ABN AMRO Holding N.V.'s policy on reserves and dividends shall be determined and can be amended by the Supervisory Board, upon the proposal of the Managing Board. The adoption of and each subsequent amendment to the policy on reserves and dividends shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item (article 37.2.c.).

Notwithstanding the provisions of article 37.2.a.1 and a.2 referred to under 1 above, after 1 January 2011 the Managing Board may, with the approval of the Supervisory Board, resolve not to pay the dividend on the relevant Preference Shares in cash out of the profit, or to pay the dividend on the relevant preference shares out of a freely distributable reserve. In such cases the part of the profit not paid out shall be added to the general reserve. The Managing Board may only pass such a resolution if no dividend is to be paid on the ordinary shares in the relevant year, in accordance with the provisions of article 37.2.c. Subject to approval of the Supervisory Board, the

Managing Board can make the dividend or interim dividend on the ordinary shares payable, at the discretion of the holders, either in cash or, provided it is authorised to issue shares, partly or wholly in the form of ordinary or preference shares in the company's capital or in a combination thereof, such combination to be determined by the Managing Board (article 37.3.).

Stipulations of the articles of association of Holding and trust office with respect to shares and voting rights

Each ordinary share of EUR 0.56 face value in the capital of ABN AMRO Holding N.V. entitles the holder to cast one vote. The preference shares have the same face value as the ordinary shares, at EUR 0.56 each. Each preference share is entitled to one vote. The convertible shares in the capital have a face value of EUR 2.24 and are entitled to four votes. Subject to certain exceptions provided for by law or in the articles of association, resolutions are passed by an absolute majority of the votes cast.

All of the preference shares are held at the trust office 'Stichting Administratiekantoor Preferente Financieringsaandelen ABN AMRO Holding' (the Trust Office), which acts as record owner, issuing depositary receipts evidencing ownership interests in preference shares to their beneficial owners.

Contrary to the former structure, the voting rights on the preference shares, although formally held by the Trust Office, are exercised in practice by the depositary receipt holders, since voting proxies will be issued to the depositary receipt holders by the Trust Office under all circumstances. The Trust Office will, in principle, not exercise its voting rights. The depositary receipt holders' voting rights will be calculated on the basis of the equity participation of the (depositary receipts of) preference shares in proportion to the value of the ordinary shares. Voting rights on preference shares granted to a depositary receipt holder by proxy will correspond to the amount of depositary receipts held by the depositary receipt holder in relation to the stock price of the ordinary shares at the close of the last trading day of the Euronext Amsterdam in the month preceding the calling of the shareholders' meeting.

Subject to certain exceptions, upon the issuance of ordinary shares and convertible shares, holders of ordinary shares have preemptive rights in proportion to their holdings.

In the event of the dissolution and liquidation of ABN AMRO Holding N.V., the assets remaining after payment of all debts will be distributed (1) first, to the holders of preference shares and convertible shares on a pro rata basis, in an amount equal to all dividends accrued from the beginning of the most recent full financial year through the date of payment plus the face value of the preference shares or the amount paid in on the convertible shares respectively, and (2) second, to the holders of ordinary shares on a pro-rata basis.

Proposed profit appropriation

Appropriation of net profit pursuant to article 37.2 and 37.3 of the articles of association

(in millions of euros)	**2006**	2005
Addition to reserves	**2,562**	2,332
Dividends on ordinary shares	**2,153**	2,050
	4,715	4,382
Dividends on preference shares	**36**	36

Subsequent events

Prime Bank

On 5 March 2007 ABN AMRO announced that it has entered into agreements to acquire a 93.4% interest in Prime Bank from shareholders for a cash consideration of PKR 13.8 billion (EUR 172 million). In addition ABN AMRO announced its intention to launch a tender offer for all remaining shares of Prime Bank from minority shareholders.

ABN AMRO Holding N.V.

Organisation of ABN AMRO Holding N.V. and ABN AMRO Bank N.V.

Supervisory Board

At 14 March 2007, the composition of the Supervisory Board of ABN AMRO Holding N.V. and ABN AMRO Bank N.V. was as follows:

		Principal occupation	Other relevant positions
Supervisory Board			
Arthur Martinez **1, 2, 3** (67, American, M) *Chairman*	2002 **4** 2010 **5**	Former Chairman and Chief Executive Officer of Sears, Roebuck & Co. Inc.	• Non-Executive Director of International Flavors and Fragrances, Inc. • Non-Executive Director of Liz Claiborne, Inc. • Non-Executive Director of PepsiCo, Inc. • Non-Executive Director of IAC/Interactive Corp. • Member of the Board of Advisors of Marakon Associates
André Olijslager **1** (63, Dutch, M) *Vice Chairman*	2004 **4** 2008 **5**	Former Chairman of the Board of Management of Royal Friesland Foods N.V.	• Vice-Chairman of the Supervisory Board of Avebe U.A. • Member of the Supervisory Board of Center Parcs N.V. • Member of the Supervisory Board of Samas-Groep N.V. • Member of the Investment Committee of NPM Capital N.V. • Member of the Management Board of Foundation N.V. Trust Office Unilever • Chairman of the Dutch Association of Venture Capital Companies
Louise Groenman (66, Dutch, F)	1999 **4** 2007 **5**	Former Crown Member of the Social and Economic Council of the Netherlands (SER)	• Chairman of the LBL (Expertice Centre for Age and Society) • Chairman of the Aids Fund Foundation • Chairman of the Clara Wichmann Institute • Chairman of the Humanistic Institute for Development Aid • Member of the Advisory Council Country-wide Office for Age Discrimination

Age, nationality and gender between brackets.

1 *Member of the Audit Committee*
2 *Member of the Nomination & Compensation Committee*
3 *Member of the Compliance Oversight Committee*
4 *Year of appointment*
5 *Current term expires*

		Principal occupation	Other relevant positions
Supervisory Board *continued*			
David Baron de Rothschild (64, French, M)	1999 **4** 2007 **5**	Senior Partner of Rothschild & Cie. Banque	• Chairman of Rothschilds Continuation Holdings AG • Chairman of Rothschild Group • Vice-Chairman of Rothschild Bank AG • Vice-Chairman of the Supervisory Board of Paris Orléans • Member of the Supervisory Board of Compagnie Financière Saint-Honoré • Member of the Supervisory Board of Compagnie Financière Martin Maurel • Member of the Board of Directors of Group Casino
Trude Maas-de Brouwer **2, 3** (60, Dutch, F)	2000 **4** 2008 **5**	Former President of Hay Vision Society	• Member of the Supervisory Board of Schiphol Group • Member of the Supervisory Board of Royal Philips Electronics Netherlands (PEN) • Member of the Supervisory Board of Arbo Unie • Member of the Supervisory Board of Twynstra Gudde Management Consultants B.V. • Chairman of the Supervisory Board of Nuffic (Netherlands organisation for international cooperation in higher education) • Member of the Governing Council of Van Leer Group Foundation • Member of the Senate of the Dutch Parliament
Marcus Pratini de Moraes **1** (67, Brazilian, M)	2003 **4** 2009 **5**	Former Minister of Agriculture, Livestock and Food Supply for Brazil	• Member of the Board of Directors of COSAN S.A. – sugar and alcohol • Chairman of the Board of ABIEC (Brazilian Beef Export Industries Association) • Member of the Board of FIESP (Federation of Industries of São Paulo)

Age, nationality and gender between brackets.

1 *Member of the Audit Committee*
2 *Member of the Nomination & Compensation Committee*
3 *Member of the Compliance Oversight Committee*
4 *Year of appointment*
5 *Current term expires*

		Principal occupation	Other relevant positions
Supervisory Board *continued*			
Paolo Scaroni (60, Italian, M)	2003 **4** 2007 **5**	Chief Executive Officer of ENI S.p.A.	• Member of the Board of 'Il Sole 24 Ore' Group • Member of the Board of Veolia Environment • Member of the Board of Teatro alla Scala • Member of the Supervisory Board of Overseers, Columbia Business School, New York
Lord Sharman of Redlynch **1** (64, British, M)	2003 **4** 2007 **5**	Former Chairman of KPMG International	• Chairman of Aviva plc • Non-Executive Chairman of Aegis plc • Non-Executive Director of BG Group plc • Non-Executive Director of Reed Elsevier plc and Reed Elsevier N.V. • Member of the House of Lords
Rob van den Bergh **3** (56, Dutch, M)	2005 **4** 2009 **5**	Former Chairman of the Executive Board and Chief Executive Officer of VNU N.V.	• Chairman of the Supervisory Board of N.V. Deli Universal • Member of the Supervisory Board of Pon Holdings B.V. • Member of the Supervisory Board of NPM Capital N.V. • Member of the Supervisory Board of Nationale Postcode Loterij
Anthony Ruys **2** (59, Dutch, M)	2005 **4** 2009 **5**	Former Chairman of the Executive Board of Heineken N.V	• Chairman of the Supervisory Board of Lottomatica S.p.A. • Member of the Supervisory Board of Sara Lee / DE International B.V. • Non-Executive Director of British American Tobacco • Member of the Supervisory Board of Schiphol Group • Chairman of the Supervisory Board of Rijksmuseum Amsterdam • Chairman of the Supervisory Board of Stop Aids Now!

Age, nationality and gender between brackets.

1 *Member of the Audit Committee*
2 *Member of the Nomination & Compensation Committee*
3 *Member of the Compliance Oversight Committee*
4 *Year of appointment*
5 *Current term expires*

		Principal occupation	Other relevant positions
Supervisory Board *continued*			
Gert-Jan Kramer (64, Dutch, M)	2006 **4** 2010 **5**	Former Chairman of Fugro N.V.	• Chairman of the Supervisory Board of Royal BAM Group N.V. • Chairman of the Supervisory Board of Damen Shipyards Group • Member of the Supervisory Board of Fugro N.V. • Member of the Supervisory Board of Mammoet B.V. • Member of the Supervisory Board of Bronwaterleiding Doorn • Member of the Supervisory Board of Energie Beheer Nederland B.V. • Chairman of the Supervisory Board of Delft University of Technology • Member of the Supervisory Board of TNO (Netherlands Organisation for Applied Scientific Research • Chairman of IRO (Association of Dutch Suppliers in the Oil and Gas Industry)
Gerhard Randa (62, Austrian, M)	2006 **4** 2010 **5**	Executive Vice President of Magna International Inc.	• Member of the General Council of the Österreichische Nationalbank • Chairman of the Board of B&C Privatstiftung • Chairman of the Board of Immobilien Privatstiftung

Age, nationality and gender between brackets.

1 *Member of the Audit Committee*
2 *Member of the Nomination & Compensation Committee*
3 *Member of the Compliance Oversight Committee*
4 *Year of appointment*
5 *Current term expires*

Managing Board

At 14 March 2007, the composition of the Managing Board of ABN AMRO Holding N.V. and ABN AMRO Bank N.V. was as follows:

	Term expires	Principal responsibilities 2007	Principal responsibilities 2006
Managing Board 1			
Rijkman Groenink (57, Dutch, M)	1988 2 2012 3	Chairman of the Managing Board, Group Audit, Group Compliance & Legal, Group Human Resources	Chairman of the Managing Board
Wilco Jiskoot (56, Dutch, M)	1997 2 2013 3	BU Netherlands, BU Private Clients, BU Global Clients, BU Asset Management, Private Equity	BU Netherlands, BU Global Clients, BU Asset Management, Private Equity
Joost Kuiper (59, Dutch, M)	1999 2 2010 3	BU North America, Chairman Group Business Committee	BU North America, Chairman Group Business Committee
Hugh Scott-Barrett (48, British, M)	2000 2 2021 3	Chief Financial Officer, Group Finance, Investor Relations, Group Communications, Group Public Affairs, Group Strategic Decision Support	Chief Financial Officer, Group Finance, Investor Relations, Group Communications, Group Strategic Decision Support
Huibert Boumeester (47, Dutch, M)	2006 2 2010 3, 4	Group Risk Management, Corporate Development, Group M&A portfolio, Antonveneta	Group Risk Management, Corporate Development, Group M&A Portfolio
Piero Overmars (42, Dutch, M)	2006 2 2010 3, 4	BU Asia, BU Europe, BU Global Markets, Chairman Commercial Client Segment	BU Asia, BU Global Markets, Chairman Commercial Clients Segment
Ron Teerlink (46, Dutch, M)	2006 2 2010 3, 4	BU Latin America, BU Transaction Banking, Services, Market Infrastructures, Chairman Consumer Client Segment	BU Latin America, BU Transaction Banking, Services, EU Affairs & Market Infrastructure

Age, nationality and gender between brackets

1 *Managing Board members are appointed until reaching the contractually agreed mandatory retirement age of 62, unless otherwise indicated.*
2 *Year of appointment*
3 *Term expires*
4 *In line with the Dutch Corporate Governance Code's best practice provision, Mr Boumeester, Mr Overmars and Mr Teerlink have been appointed for a maximum period of four years and may be reappointed for a term of not more than four year at a time.*

Curriculum vitae – Managing Board members (as at 14 March 2007)

Rijkman Groenink was appointed Chairman of the Managing Board in May 2000. He is responsible for the strategy of ABN AMRO as well as for Group Audit, Group Legal & Compliance and Human Resources.

A Dutch citizen, Mr Groenink was born on 25 August 1949 and joined Amro Bank in 1974. He was appointed Head of Product Management Retail Accounts in 1976, Head of Syndicated Loans in 1978, Head of International Corporate Accounts in the International Division in 1980, Director of the Dutch Special Credit department in 1982 and Senior Executive Vice President of Dutch Corporate Business in 1986. He was appointed to the Managing Board of Amro Bank in 1988. Following the merger of ABN Bank and Amro Bank in 1990 he was appointed to the Managing Board of ABN AMRO Bank, and became responsible for the Netherlands Division in 1995. He holds a number of external directorships including Flint Holding, Struik Holding and several charitable societies and foundations. Mr Groenink's educational credentials include a Masters degree in Law from Utrecht University, the Netherlands.

Wilco Jiskoot is the Managing Board member responsible for BU Netherlands, BU Global Clients, BU Private Clients, BU Asset Management, and Private Equity (ABN AMRO Capital). He joined the Managing Board in January 1997, with responsibility for several investment banking product lines. From November 2001 to January 2006, he was the Managing Board member responsible for SBU Wholesale Clients and Private Equity.

Mr Jiskoot was born on 2 June 1950 and is a Dutch citizen. He joined Amro Bank in 1976 and held several positions during the following ten years in Corporate Clients, Project Finance and Relationship Management. He was appointed head of Capital Markets Group in 1986, head of Institutional Banking Division in 1987 and Senior Executive Vice President of Financial Markets Group in 1988. After the merger of ABN Bank and Amro Bank in 1990, he was appointed Senior Executive Vice President of New Issues and Corporate Finance, and was named Senior Executive Vice President Equity and Merchant Banking in 1994. Mr Jiskoot holds no directorships or positions outside ABN AMRO. He has a Masters degree in Business Administration from Rotterdam University, the Netherlands.

Joost Kuiper is the Managing Board member responsible for BU North America and is Chairman of the Group Business Committee (GBC). He was previously responsible for the BUs Netherlands and North America within the SBU Consumer & Commercial Clients, a position he held from November 2003 until January 2006. He shared responsibility for Consumer & Commercial Clients with Dolf Collee from 2000, having joined the Managing Board in May 1999 with responsibility for the International Division.

Mr Kuiper, a Dutch citizen, was born on 23 July 1947. He joined ABN AMRO in 1998 as a Senior Executive Vice President in Treasury and Fixed Income, having previously held several senior positions in Dutch financial institutions, including Chairman of MeesPierson (1996-98) and President of the European Options Exchange (1993-96). Having started his career in 1973 in the new Issue and Syndicate department of Amro Bank, he left in 1976 to work at Banque Européenne de Crédit in Brussels and Sogen-Swiss International in New York, before rejoining Amro Bank, first in New York and later in London and the Netherlands. His principal outside directorships include Hespri Holding and several charitable societies and foundations. Mr Kuiper holds a Masters degree in Law from Leiden University, the Netherlands.

Hugh Scott-Barrett has been Chief Financial Officer since 1 January 2006. He is also responsible for Group Finance, Investor Relations, Group Communications, Group Public Affairs and Group Strategic Decision Support. From November 2003 to January 2006, he was Chief Operating Officer responsible for Group Shared Services, Transaction Banking, Group Human

Resources, Group Communications and Investor Relations. He also launched a Group-wide Services programme focused on improving service quality, efficiency and agility while reducing operational risk across the Group. He was previously one of the two Managing Board members responsible for the SBU Wholesale Clients. He was additionally responsible for the BUs Corporate Finance (including the ABN AMRO Rothschild joint venture), Working Capital, Change Management, and Technology Operations & Property Services within that SBU. He was appointed to the Managing Board in June 2000.

Mr Scott-Barrett was born on 26 September 1958 and is a British citizen. He joined ABN AMRO in 1996 as Head of Corporate Finance in Europe before becoming Global Head of Mergers & Acquisitions. He started his career in 1980 in the Corporate Finance Department at Kleinwort Benson. In 1984 he joined Swiss Bank Corporation (SBC), becoming Deputy Chief Executive of SBC's European activities in 1994 and subsequently Managing Director Corporate Finance of SBC Warburg. Mr Scott-Barrett holds no directorships outside ABN AMRO. He was educated at the Université de Paris, Sorbonne, France, and Merton College, Oxford, UK.

Huibert Boumeester is the Managing Board member responsible for Corporate Development, Group M&A Portfolio, Group Risk Management and Antonveneta. He was appointed to the Managing Board in January 2006, having previously been Chief Executive of ABN AMRO Asset Management.

Mr Boumeester was born on 16 March 1960 and is a Dutch citizen. He joined ABN Bank in 1987 as a management trainee in Investment Banking. He subsequently became head of the Energy Desk Europe, head of Power Project Finance Europe, head of Project Finance Asia in Hong Kong, and head of Structured Finance Asia, based in Singapore, where he was responsible for Project Finance, Structured Trade Finance, Financial Engineering, Loan Syndication, Asset Securitisation and Project Advisory. From 1998 to 2000 he was Country Manager for ABN AMRO Malaysia Berhad. In 2000 he became Managing Director Global Financial Markets, with responsibility for Leveraged Finance, Emerging Markets Debt Origination and Asset Securitisation. In May 2002 he was appointed global head of Integrated Energy. Directorships within ABN AMRO include Montag & Caldwell Inc. and Artemis Investment Management Ltd. He holds directorships outside ABN AMRO at three charities. Mr Boumeester holds a Masters degree in Law from Leiden University, the Netherlands.

Piero Overmars is the Managing Board member responsible for BU Asia, BU Europe and BU Global Markets and is also Chairman of the Commercial Client Segment. He was appointed to the Managing Board in January 2006.

Mr Overmars was born on 22 April 1964 and is a Dutch citizen. In 1989 he joined ABN Bank as a derivatives dealer and in 1996 was appointed Chief Dealer Cross Market Arbitrage, Bond Trading Europe. In 1997 he was named co-head Global Interest Rate Trading based in Amsterdam, and regional head Treasury & Fixed Income Asia, Singapore from 1999. In 2001 he became Country Representative and head of Financial Markets Japan, before being appointed head of Global Financial Markets based in Amsterdam in 2002 and head of Global Markets in 2004. He was named Chief Executive Officer of Wholesale Clients in 2005. Directorships within ABN AMRO include ABN AMRO Japan. Outside ABN AMRO he holds a directorship of a charitable foundation. Mr Overmars holds a Masters degree in Business Administration from Nyenrode Business University, Breukelen, the Netherlands.

Ron Teerlink is the Managing Board member responsible for BU Latin America, BU Transaction Banking, Services and Market Infrastructures and is also Chairman of the Consumer Client Segment. He was

appointed to the Managing Board in January 2006.

Mr Teerlink was born on 28 January 1961 and is a Dutch citizen. He joined ABN Bank in 1986 as an IT/System Analyst, and was appointed head project and Development ASI in 1992, International/Director Administration and Organisation in Cologne in 1994, and Director Administration and Organisation in Frankfurt in 1995. He has been responsible for the International Organisation and Information division in Amsterdam since 1999 and for the Operations Europe division since 2000. He was named Managing Director, Wholesale Clients/Operations Europe in 2001 and Senior Executive Vice President in 2002, before becoming Chief Operating Officer Wholesale Clients in 2002 and Chief Executive of Group Shared Services in 2004. His directorships within ABN AMRO include ABN AMRO Central Enterprise Services – India. Directorships outside ABN AMRO include Equens Nederland. Mr Teerlink holds a Masters degree in Economics from the Vrije Universiteit, Amsterdam, the Netherlands.

Tom de Swaan retired from the Managing Board on 1 May 2006.

Dolf Collee stepped down from the Managing Board on 31 December 2006.

Situation as at 14 March 2007

Company Secretary

Willem Nagtglas Versteeg

Advisory Council

J. Aalberts
President and CEO of Aalberts Industries N.V.

M.P. Bakker
Chairman of the Managing Board and CEO of TNT N.V.

J. Bennink
Chairman of the Executive Board of Royal Numico N.V.

S.H.M. Brenninkmeijer
Chairman of the Managing Board of COFRA Holding AG

R.J.A. van der Bruggen
Chairman of the Board of Management of Imtech N.V.

Ms N. McKinstry
Chairman of the Executive Board of Wolters Kluwer N.V.

A. Nühn
Chairman of the Board of Management of Sara Lee / DE International B.V.

H.Th.E.M. Rottinghuis
President and CEO of the Board of Directors of Pon Holdings B.V.

J. Struik
President and CEO of Struik Food Group N.V.

N.M. Wagenaar
CEO of Getronics N.V.

Group Business Committee

Joost Kuiper (Chairman)
Managing Board member

Fabio Barbosa
Head BU Latin America

Norm Bobins
Head BU North America

Ann Cairns
Head BU Transaction Banking

Alexandra Cook-Schaapveld
Head BU Global Clients

Jeroen Drost
Head BU Asia

Lars Gustavsson
Head Services

Wilco Jiskoot
Managing Board member

Michiel de Jong
Head BU Europe

Piero Overmars
Managing Board member

Gary Page
Head BU Global Markets

Sarah Russell
Head BU Asset Management

Jan Peter Schmittmann
Head BU Netherlands

Ron Teerlink
Managing Board member

Chris Vogelzang
Head BU Private Clients

Situation as at 14 March 2007

Business Units, Segments, Group Functions and Services

Client BUs

BU Netherlands
Jan Peter Schmittmann

BU Europe
Michiel de Jong

BU North America
Norm Bobins

BU Latin America
Fabio Barbosa

BU Asia
Jeroen Drost

BU Private Clients
Chris Vogelzang

BU Global Clients
Alexandra Cook-Schaapveld

Product BUs

BU Global Markets
Gary Page

BU Transaction Banking
Ann Cairns

BU Asset Management
Sarah Russell

Client Segments

Commercial Client Segment
Muhammad Aurangzeb

Consumer Client Segment
Ravi Sankaranarayanan

Group Functions

Corporate Development
Alexander Pietruska

Group Audit
Peter Diekman

Group Communications
Robin Boon

Group Compliance & Legal
Carin Gorter

Group Finance
Maurice Oostendorp

Group Human Resources
Pauline van der Meer Mohr

Group Public Affairs
Jeroen Kremers (as from 1 May 2007)

Group Risk Management
David Cole

Investor Relations
Richard Bruens

Market Infrastructures
Gerard Hartsink

Services
Lars Gustavsson

Senior Executive Vice Presidents

	Year of appointment	Position
J. Sijbrand	1998	Head Global Markets Netherlands and Europe (BU Global Markets)
G.B.J. Hartsink	2000	Head Market Infrastructures (Group Functions)
A.E.J.M. Cook-Schaapveld	2000	Head BU Global Clients
J. W. Meeuwis	2000	Vice Chairman Global Clients Netherlands (BU Global Clients)
J. P. Schmittmann	2000	Head BU Netherlands
M.B.G.M. Oostendorp	2000	Head of Group Finance (Group Functions)
F.C. Barbosa	2001	Head BU Latin America
R.C. van Paridon	2001	Head of Integration, Asia
N.R. Bobins	2002	Head BU North America
S. Zavatti	2002	Vice Chairman Global Financial Institutions & Public Sector (BU Global Clients)
P. Fleuriot	2003	Vice Chairman Global Clients and BU sub-Regional Head (BU Europe)
D.A. Cole	2004	Head of Group Risk (Group Functions)
A. Cairns	2005	Head BU Transaction Banking
J.P. Drost	2006	Head BU Asia
C.W. Gorter	2006	Head Group Compliance & Legal (Group Functions)
S.A.C. Russell	2006	Head BU Asset Management
G. Page	2006	Head BU Global Markets
P.F.M. van der Meer Mohr	2006	Head Group Human Resources (Group Functions)
L.R. Gustavsson	2006	Head Services
M.G.J. de Jong	2006	Head BU Europe
C.F.H.H. Vogelzang	2007	Head BU Private Clients
P.L. Montani	2007	Head Antonveneta

Code of ethics

The standards of ethical conduct that ABN AMRO expects from its employees are set out in ABN AMRO's Corporate Values and Business Principles. We believe the Business Principles address the standards necessary to comprise a code of ethics for the purposes of section 406 of the Sarbanes-Oxley Act.

The Business Principles are applicable to all our employees, including the Chairman of the Managing Board, the Chief Financial Officer and other senior financial officers. All employees are accountable for adhering to the Business Principles. Suspected violations of the Business Principles may be reported in accordance with ABN AMRO's employee whistleblowing policy. The employee whistleblowing policy provides employees with clear and accessible channels for reporting suspected malpractice, including a direct channel to the Audit Committee of the Supervisory Board.

The Business Principles are accessible at www.abnamro.com. A copy of our Business Principles is also available upon request, free of charge, by writing or telephoning us at:
ABN AMRO
Investor Relations Department (HQ9141)
P.O. Box 283
1000 EA Amsterdam
The Netherlands
Tel: +31 20 6287835

Stock option programmes

ABN AMRO has stock option programmes under which employees of the bank's operating divisions and support functions located in the Netherlands may receive stock option grants in lieu of cash profit-sharing. In addition, a stock option programme for senior management grants a number of options to acquire ordinary shares each year to approximately 4,000 employees and Senior Executive Vice Presidents of the bank, with the level of grants based on seniority. The exercise price of options under these programmes is equal to the average of the high and low quoted price of the ordinary shares on the Euronext Amsterdam on the date of the grant. Pursuant to its stock option programmes, ABN AMRO may issue new shares or shares purchased by the bank in the open market. Depending on the stock option programme, the options are fully vested on the date of the grant and are exercisable during specified 'window periods' for a period of either five years or seven years. Options granted after 26 June, 1998 are, in accordance with tax rules, exercisable during specified 'window periods' during the fourth through seventh years after the option is granted.

Dutch Central Works Council

In 2006, the Central Works Council (CWC) continued to develop and expand its new role. To adequately monitor the numerous and rapid changes within ABN AMRO, the CWC is involved in the principal change processes at an early stage. The CWC aims to weigh up thoroughly the interests of the staff and the company itself as well as the possibilities and impossibilities of the change aspects, and to ensure the appropriate handling of requests for advice within a time frame acceptable to all stakeholders.

In 2006 the CWC was involved at an early stage in the development and implementation of the following reorganisation processes:

- Transformation towards the new Group structure
- Continued outsourcing of the new IT organisation and the Global Managed Data Network Service
- Global outsourcing, offshoring and bestshoring of Services
- Formal opinions were given on two parts of the HR Transformation Programme
- Reorganisation of ABN AMRO Bank N.V.'s mortgage operations
- Sale of (shares in) Bouwfonds to Rabobank and SNS Bank
- Phased worldwide the efficiency programme for Group Functions started in December 2006, with completion scheduled in 2009.

Alongside requests for advice, the CWC also received requests for approval, including the whistleblowing policy. In respect of this policy the CWC has negotiated that, in addition to formal whistleblowing reports via e-mail or telephone to Compliance and the head of HR Netherlands, employees can also contact the chairman of the CWC in confidence.

The CWC launched several initiatives in 2006. One striking example was the introduction of heart defibrillators within the bank. In addition, staff concerns about job losses in the Netherlands were emphatically raised in discussions with management. This resulted in the employability memorandum, which requests renewed attention for ABN AMRO's employability policy. The aim of the employability memorandum is to create awareness among both employees and managers and to emphasise that both have an interest in and responsibility for developing competencies and enhancing skills. This helps to create better opportunities on the internal and external career market for employees. Building on 'your career is your own responsibility', the bank offers every employee the opportunity to continue developing their talents. Management supports this objective. A large-scale employability survey will be held in the Netherlands in mid-February 2007.

In 2006, the CWC held consultations with two members of the Managing Board. Mr Collee, liaison for the CWC, bade farewell to the bank on 31 December 2006. His successor, Mr Boumeester, was appointed after consultation with the CWC.

Beside a number of formal and informal meetings with members of the Managing Board, the CWC also had two formal meetings with the Chairman of the Managing Board about a diverse range of subjects. More specifically, these included the results of the bank, its position within the chosen peer group, the cost-cutting operation of the fourth quarter, the far-reaching impact of compliance costs and various takeover scenarios. The formal consultative meetings were attended by a member of the Supervisory Board, which the CWC greatly appreciated.

In the field of corporate governance, both Mr Loudon and Mr Burgmans resigned – as Chairman and member, respectively – from the Supervisory Board. Mr Randa and Mr Kramer were appointed as new members of the Supervisory Board, and Mr Martinez became the new Chairman of the Supervisory Board. The CWC was informed in good time of these appointments.

Amid the complex change processes in the bank, the CWC continues to monitor the development and implementation of these

changes and the accompanying arrangements, focusing particularly on the interests of the staff and of the company itself, the feasibility of the proposed changes – in terms of both the company's ability to change and the employees' capacity for change – and the way in which the bank communicates planned measures and initiatives. In addition, in its capacity as an employee representative body, the CWC not only looks at the direct staffing consequences of changes but also most emphatically at the substantive justification and necessity of the bank's plans.

On behalf of all consultative bodies within ABN AMRO, the CWC expresses its appreciation for the mutual trust that characterises the relationship with management. The role and commitment of Mr Collee may not remain unmentioned in this context. The sense of trust to which he contributed is an extremely important aspect of the mutual relationship. The CWC realises that renewed efforts are required to build a similar bridge of mutual respect and trust with the new management representative. The CWC is as committed as ever to fulfilling its role and responsibility with both professionalism and drive.

Amsterdam, 31 December 2006

Central Works Council

Employees in the Netherlands

All employees in the Netherlands, other than senior management, are covered by a collective labour agreement that is periodically renegotiated. ABN AMRO has not experienced any significant strike, work stoppage or labour dispute in recent years. Management considers the relations with employees to be good.

European Staff Council

For the European Staff Council (ESC), 2006 was dominated by the ongoing roll-out of ABN AMRO's new governance model. The new structure, which was implemented at senior level on 1 January 2006, had to be defined in further detail across the organisation during the year. Plans for leveraging the proposed efficiency gains were also presented to the ESC.

In 2006, the ESC held extensive discussions with ABN AMRO's management. Having been notified at an early stage of forthcoming developments, the ESC was given the opportunity to share its views on various plans with management. This early involvement enabled the ESC to influence the final plans, and in particular to ensure that their social consequences were adequately addressed.

Through its involvement, the ESC was also able to persuade management to give staff affected by the reorganisations early assistance and advice to help them prepare for their future, over and above the obligations laid down in law and in collective labour agreements.

After the processes involving employee representative bodies had been completed, the ESC remained involved in the implementation of the plans. The ESC highlighted a number of instances where reorganisations were not being conducted in line with the original plans, and where costs were higher while projected income was lower.

Six formal plenary sessions and approximately 25 preparatory working group meetings were held in the course of 2006. During these meetings, many issues and developments were discussed openly. Key topics included:

- The ongoing implementation of the new governance model
- The efficiency programme for Services
- The efficiency programme for Group Functions
- The ongoing implementation of the new HR operating model.

The ESC appreciates the constructive and open dialogue throughout 2006, as well as the positive manner in which management took on board feedback and responded to issues raised by the ESC with the Managing Board on behalf of employees.

Amsterdam, 31 December 2006

European Staff Council

Abbreviations

ADR	American Depositary Receipt
AFM	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)
AFS	Available-for-sale
ATM	Automated teller machine
BIS	Bank for International Settlements
bp	Basis point
BRL	Brazilian real
BU(s)	Business Unit(s)
CAAML	Client Acceptance & Anti-Money Laundering
CAP	(the EU's) Capital Adequacy Directive
CDS	Credit default swap
COSO	Committee of Sponsoring Organizations of the Treadway Committee
CRD	(the EU's) Capital Requirements Directive
CWC	(Dutch) Central Works Council
DNB	De Nederlandsche Bank N.V. (Dutch Central Bank)
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECM	Equity Capital Markets
ESC	European Staff Council
EU	European Union
EUR	Euro
EVP	Executive Vice President
FTE	Full-time equivalent (a measurement of number of staff)
FX	Foreign exchange
GAAP	General Accepted Accounting Principles
GBP	Great Britain pound
HR	Human Resources
HTM	Held-to-maturity
IAS	International Accounting Standards
IBNI	Incurred-but-not-identified
ID&JG	International Diamond & Jewelry Group
IFRIC	IASB International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IP	Internet Protocol
IT	Information Technology
LIBOR	London Interbank Offered Rate
M&A	Mergers & Acquisitions
MD	Managing director
MD&A	Management's discussion and analysis
MiFID	(the EU's) Markets in Financial Instruments Directive
MSR	Mortgage Servicing Right
NYSE	New York Stock Exchange
OECD	Organisation for Economic Cooperation and Development
OFAC	(US) Office of Foreign Assets Control
OTC	Over-the-counter
P2P	Purchase-to-Pay
PKR	Pakistan rupee
PIPE	Private Investments in Public Equity
ROE	Return on equity
RWA	Risk-weighted assets
SEC	(US) Securities and Exchange Commission
SEPA	Single Euro Payments Area
SEVP	Senior Executive Vice President

SMEs	Small to medium-sized enterprises
SRI	Socially Responsible Investment
SPE	Special purpose entity
THB	Thai baht
TMT	Telecommunications, media and technology
TRS	Total return to shareholders
USD	US dollar
VaR	Value-at-Risk

Safe Harbour Statement under the US Private Securities Litigation Reform Act of 1995

Certain of the statements contained herein that are not historical facts, including, without limitation, statements as to future net profit and operating expenses, are statements of future expectations and other forward-looking statements (as such term is defined in Section 21E of the US Securities Exchange Act of 1934, as amended) that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, (ii) performance of financial markets, (iii) interest rate levels, (iv) currency exchange rates, including the EUR/-USD exchange rate, (v) changes in laws and regulations, including monetary convergence and the European Monetary Union, (vi) changes in the policies of central banks and/or foreign governments, (vii) cost overruns and (viii) competitive factors, in each case on a global, regional and/or national basis. ABN AMRO does not undertake to update any statements of future expectations or other forward-looking statements contained herein.

Annual Report 2006

This report is available in Dutch and in English. In the event of any discrepancy between the text of the English version and the Dutch version, the text of the Dutch version shall prevail.

Annual Report 2006 on Form 20-F

This report is available in English only.

Quarterly results releases

These releases are available in Dutch and English.

Sustainability Report

This report is available in English, and in downloadable form in Dutch and Portuguese.

Corporate Governance Supplement

This report is available in downloadable form in Dutch and English.

How to order reports

The above-mentioned publications can be downloaded from www.abnamro.com.
Where available, printed copies can be ordered:

- on the internet at www.abnamro.com
- by phone: +31 20 6287835
- by e-mail: investorrelations@nl.abnamro.com

Our legal and commercial name is ABN AMRO Holding N.V. We are a public limited liability company incorporated under Dutch law on 30 May 1990.

ABN AMRO Holding N.V. has its registered office in Amsterdam, the Netherlands, and is entered in the Trade Register of the Amsterdam Chamber of Commerce under no. 33220369.

The bank consists of the listed company ABN AMRO Holding N.V., which conducts its business almost entirely through its wholly-owned subsidiary ABN AMRO Bank N.V. or this company's many subsidiaries.

ABN AMRO Holding N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Mailing address:
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1000 EA Amsterdam
The Netherlands

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+31 20 6299111

Internet: www.abnamro.nl (Dutch) and www.abnamro.com (English). Information on our website does not form part of this Annual Report, unless we expressly state otherwise.

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This report is printed on paper made from wood from sustainable forests and is produced in factories that are PEFC Chain-of-Custody certified.

ANUAL REPORT 2016

Further information can be obtained from:
Press Relations: +31 20 628 8900
Investor Relations: +31 20 628 7835

This press release is also available on the Internet: www.abnamro.com

IR / Press Release

Amsterdam, 30 July 2007

ABN AMRO reports first half 2007 results:
Strong operating performance in conditions of corporate uncertainty

- **Increase in first half operating result**
  - Reported revenue growth of 12.6%; adjusted (see footnote and page 6 for adjustments) operating revenue growth of 14.3% driven by increases in all Business Units (BUs), supported by a strong performance of the BU Global Markets
  - Reported operating expenses up 14.0%; adjusted operating expenses up 8.6%, well below the growth in revenues
  - Reported operating result up 9.1%, reported efficiency ratio up 0.9%; adjusted operating result up 29.1%, leading to a 3.6 percentage-point improvement in the adjusted efficiency ratio to 68.5%
  - Reported profit for the period down 1.4%; adjusted profit for the period up 13.4% to EUR 2,390 mln, despite higher taxes and loan loss impairments, as a result of a strong performance of the BUs Asia, Latin America and Europe, supported by Global Markets and Transaction Banking
  - BU Global Markets profit for the period EUR 730 mln, an increase of 94.1%

- **Second quarter operating result increased further**
  - Reported operating income up 4.6%; adjusted operating income up 3.1%, driven by the BUs Europe and Latin America, supported by further growth in Global Markets and Global Clients
  - Reported operating expenses down 4.0%; adjusted operating expenses up 3.5%
  - Reported operating result increased 30.9%; adjusted operating result up 2.2% following a strong first quarter
  - Antonveneta results below expectations; actions and initiatives reinforced to improve revenue growth

- **Well on track to beat the 2007 EPS target of EUR 2.30 on an adjusted basis**
  - Core tier 1 ratio 6.12% and tier 1 ratio 8.17%, well above the year-end targets of 6% and 8%
  - Interim dividend 2007 of EUR 0.58, up 3 cents or 5.5%

Chairman's statement

"We are well on track to deliver an EPS of at least EUR 2.30 on an adjusted basis as the change in the organisational structure implemented in 2006 created the conditions for improvement in our performance. Further execution of the initiatives set for 2007 (growth, efficiency, and acceleration of action plans) led to a strong second quarter, which was otherwise marked by conditions of uncertainty for ABN AMRO. The improvement has been driven by our strong local client relationships and the commitment of our staff to deliver. The increase in the interim dividend reflects the improvement in the operational performance in the first half as well as some caution for the second half results due to the current corporate uncertainty. We continue to be well on track to deliver our 2007 EPS target."

(in millions of euros)	year to date				quarterly						
	2007	2006	%change	%change [2]	Q2 2007	Q1 2007	%change	%change [2]	Q2 2006	%change	%change [2]
Total operating income	10,653	9,461	12.6	14.2	5,446	5,207	4.6	4.2	4,830	12.8	13.1
Total operating expenses	7,690	6,745	14.0	15.1	3,766	3,924	(4.0)	(4.3)	3,466	8.7	8.4
Operating result	2,963	2,716	9.1	11.9	1,680	1,283	30.9	30.4	1,364	23.2	25.2
Loan impairment	886	720	23.1	24.1	483	403	19.9	17.4	400	20.8	18.3
Operating profit before tax	2,077	1,996	4.1	7.5	1,197	880	36.0	36.3	964	24.2	28.0
Net operating profit	1,666	1,679	(0.8)	3.5	946	720	31.4	33.8	913	3.6	10.2
Discontinued operations (net)	554	573			210	344			301		
Profit for the period	2,220	2,252	(1.4)	3.8	1,156	1,064	8.6	10.8	1,214	(4.8)	1.2
Net profit attributable to shareholders	2,165	2,219	(2.4)	2.8	1,130	1,035	9.2	11.4	1,216	(7.1)	(1.1)
Earnings per share (euros)	1.17	1.18	(0.8)		0.61	0.56	8.9		0.65	(6.2)	
EPS from continuing operations (euro	0.87	0.88	(1.1)		0.50	0.37	35.1		0.49	2.0	
Efficiency ratio	72.2%	71.3%			69.2%	75.4%			71.8%		

1) all figures exclude the consolidation effect of controlled non-financial investments (see annex 2)
2) % change at constant foreign exchange rates (see annex 2)

The difference between reported and adjusted figures are gains on disposals (income Q2 06: EUR 208 mln gross and net; discontinued Q1 07: EUR 97 mln gross and net; discontinued Q2 07: EUR (4) mln gross and net; income Q2 07: EUR 77 mln gross, EUR 72 mln net), restructuring charges (expenses Q2 06: EUR 72 mln gross, EUR 55 mln net; discontinued Q2 06: EUR (12) mln gross, EUR (8) mln net), provision for the Department of Justice (DOJ) investigation (expenses Q1 07: EUR 365 mln gross, EUR 275 mln net) and transaction-related advisory fees (expenses Q2 07: EUR 81 mln gross, EUR 60 mln net). Please also refer to page 6.

The results of LaSalle are reported as 'discontinued operations' in 2006 and 2007. For a further breakdown of the profit from discontinued operations net of tax we refer to Annex 3, note 11.

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Dear shareholder,

The first half of this year has seen momentous events for ABN AMRO and it is against this backdrop that I am pleased to report the strong operating performance of the Group. In 2006 we implemented changes to the Group's organisational structure, and we identified 2007 as 'a year of delivery'. These changes have resulted in improved operational performance in 2007, and the delivery of earnings growth.

These results demonstrate the strengths of our strong local client relationships, the dedication and resilience of our staff, and the robustness of our businesses. At the start of this year we called 2007 'a year of delivery'. Delivery is defined as earnings per share of at least EUR 2.30 on an adjusted basis. In the first six months of this year we have delivered reported earnings per share of EUR 1.17 and adjusted earnings per share of EUR 1.26, and we can conclude that we are well on track to deliver at least the EUR 2.30 on an adjusted basis, which we committed to at the start of this year.

The increase in profitability is the result of a significant improvement in the operating performance as delivered on the three key themes of growth, efficiency and the acceleration of the action plan. This performance is underpinned by the breadth and depth of our global banking businesses, which provides an established platform for developing further growth.

1. Growth

The three key growth areas are Brazil, Asia and Italy.

In Brazil we saw a continuation of the benign economic environment and a continuation of declining interest rates, driving strong loan growth. The good performance in Brazil was underpinned by a further improvement in the efficiency ratio, resulting in the BU Latin America being the third largest profit contributor after the BU Netherlands and the BU North America.

In Asia we realised strong operating momentum as profit for the period increased to EUR 224 mln, resulting in a significant contribution to the Group's profit for the period. We also continued to build our consumer and commercial operations further in selected markets through for instance the acquisition of Prime Bank in Pakistan, one of our focus countries, and further branch openings in India, where we currently have 28 branches. We also received approval for local incorporation in China.

Antonveneta has been part of the Group for a year now. The plans to transform Antonveneta's consumer bank are well on their way. Most branches have been refurbished, new service concepts such as Preferred Banking will be introduced in the third quarter, and new employees have been recruited. The position of the commercial bank will be further strengthened as we roll out the ABN AMRO product suite. The private bank is being built, with another two branches having recently been opened, bringing the total to nine. The results of the first half of 2007 reflect the time and effort it has taken to rebuild Antonveneta, but the initiatives launched provide us with the comfort that Antonveneta will deliver a strong increase in its operating performance in the second half of 2007.

2. Efficiency

Good progress has been made to reduce the efficiency ratios of the constituent parts of the Group to levels in line with their respective peers.

A return to profitability of the BU Europe has been one of the highest priorities in 2007 and I am very pleased with the progress made in this respect. The BU Europe had its third consecutive quarter of profitability driven by upgraded service to Financial Institutions, a key client group to ABN AMRO, further growth in our successful private investor products, and continued growth in the Eastern European activities. In addition, tight cost control and capital discipline have secured the base for the BU Europe, which is well on track to meet the Group's targeted return on assigned risk capital.

The steps taken to improve the operational efficiency of the BU North America have successfully been executed. The reduction of the workforce was accelerated and finalised in the second quarter. The early signs of improved efficiency are already visible in the results of BU North America including LaSalle (further details on LaSalle can found in Annex 3, note 11). On 23 April 2007 we announced an agreement to sell LaSalle for USD 21 bln to Bank of America, a decision that was validated by the Supreme Court on 13 July.

This transaction will be consummated once regulatory approval has been granted. The results for LaSalle are therefore reported in discontinued activities.

The BU Netherlands showed further improvement in its efficiency ratio to 65.6% in the first half of 2007, and, despite the current uncertainty surrounding ABN AMRO, delivered a strong net operating result driven by intensified client coverage and improved client satisfaction rates.

3. Acceleration of existing initiatives

The BU Global Markets has delivered an impressive turnaround in terms of both efficiency and profitability. We believe the improvement results from a focus on more value-added structured products and participation choices in terms of product availability and geographic presence. The efficiency ratio of the BU Global Markets of 68.3% is now in line with the Group, and compares favourably with the 90.9% efficiency ratio of 2005, at the end of which the BU Global Markets was created. The BU Global Markets' operating profit in the first half of 2007 is almost three times that for the full year 2005.

The shift in business mix of the BU Global Clients away from the traditional loan products to fee-driven products, as initiated some years ago, resulted in a clear improvement in the build-up of earnings. Currently, 78% of earnings are from non-interest income, resulting in a higher quality of income and a lower dependence on capital. As a result, the BU Global Clients has achieved a strong improvement in its return on assigned risk capital, and is now meeting its 2007 return target of 20%.

The announced measures to improve the cost efficiency and productivity in Group Functions were expected to affect more than 500 Full-Time Equivalent (FTE) members of staff, mainly at head office. The headcount reduction started in the first quarter and we are on track to deliver this reduction.

We continued to divest non-core assets in the first six months of the year as we finalised the sale of the Private Clients activities in Miami and Uruguay. Furthermore, we announced the sale to Mellon Bank N.A. of ABN AMRO's 50% share in ABN AMRO Mellon Global Securities Services B.V., the joint venture company established by ABN AMRO and Mellon in 2003, aimed at providing global custody and related services to institutions outside North America, to Mellon Bank N.A. The transaction is expected to close in the third quarter of 2007.

The Dutch Central Bank (DNB) announced on 26 July 2007 that it has lifted its directive regarding compliance deficiencies at ABN AMRO. The Directive, along with the Order to Cease and Desist from the US regulators, was put in place in December 2005. It is gratifying to see the DNB recognising the positive outcome of the steps we have taken across ABN AMRO. We have not only strengthened the compliance environment within the bank but are also building one of the strongest anti-money laundering and compliance organisations in the financial services industry. We are committed to continuing to operate at the forefront of compliance best practice.

The year 2007 will be a year of delivery in many ways. At this point in time the outcome is uncertain, but I have no doubt that the strengths and values of ABN AMRO will provide strong returns to shareholders of ABN AMRO in 2007 and well beyond. We are delivering on our commitment to improve the operating performance of the Group. This improvement to date has been and will be achieved in sometimes difficult times marked by corporate uncertainty, and is driven by the commitment of our staff to deliver, continuing strong local client relationships and resilience of the businesses. I would like to thank all our employees and clients for making more possible.

Yours sincerely,

Rijkman Groenink

Financial summary

ABN AMRO Group

(in millions of euros)	year to date				quarterly						
	2007	2006	% change	% change [2]	Q2 2007	Q1 2007	% change	% change [2]	Q2 2006	% change	% change [2]
Net interest income	4,784	4,467	7.1	8.6	2,446	2,338	4.6	3.2	2,247	8.9	8.2
Net fees and commissions	2,872	2,602	10.4	12.4	1,504	1,368	9.9	10.1	1,310	14.8	15.8
Net trading income	1,937	1,479	31.0	31.1	938	999	(6.1)	(5.4)	654	43.4	43.6
Results from fin. transactions	628	320	96.3	100.9	330	298	10.7	11.7	229	44.1	51.4
Results from equity holdings	138	124	11.3	12.8	62	76	(18.4)	(18.9)	74	(16.2)	(16.5)
Other operating income	294	469	(37.3)	(35.9)	166	128	29.7	30.5	316	(47.5)	(46.4)
Total operating income	10,653	9,461	12.6	14.2	5,446	5,207	4.6	4.2	4,830	12.8	13.1
Total operating expenses	7,690	6,745	14.0	15.1	3,766	3,924	(4.0)	(4.3)	3,466	8.7	8.4
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Loan impairment	886	720	23.1	24.1	483	403	19.9	17.4	400	20.8	18.3
Operating profit before tax	2,077	1,996	4.1	7.5	1,197	880	36.0	36.3	964	24.2	28.0
Income tax expense	411	317	29.7	28.4	251	160	56.9	48.0	51		
Net operating income	1,666	1,679	(0.8)	3.5	946	720	31.4	33.8	913	3.6	10.2
Discontinued operations (net)	554	573			210	344			301		
Profit for the period	2,220	2,252	(1.4)	3.8	1,156	1,064	8.6	10.8	1,214	(4.8)	1.2
Net profit attributable to shareholders	2,165	2,219	(2.4)	2.8	1,130	1,035	9.2	11.4	1,216	(7.1)	(1.1)
Earnings per share (euros)	1.17	1.18	(0.8)		0.61	0.56	8.9		0.65	(6.2)	
EPS from continuing operations (euro	0.87	0.88	(1.1)		0.50	0.37	35.1		0.49	2.0	
Efficiency ratio	72.2%	71.3%			69.2%	75.4%			71.8%		

1) all figures exclude the consolidation effect of controlled non-financial investments (see annex 2)
2) % change at constant foreign exchange rates (see annex 2)

	30 Jun 07	30 Jun 06	% change	31 Mar 07	% change	31 Dec 06	% change
Staff (FTE) [*]	110,324	105,608	4.5	107,819	2.3	106,999	3.1
(in billions of euros)							
Total assets [*]	1,120.1	986.0	13.6	1,054.6	6.2	987.1	13.5
Group capital	41.5	44.6	(7.0)	46.9	(11.5)	45.1	(8.0)
Risk-weighted assets [*]	294.3	300.2	(2.0)	283.3	3.9	280.7	4.8
Core tier 1 ratio	6.12%	5.99%		6.25%		6.18%	
BIS tier 1 ratio	8.17%	8.16%		8.44%		8.45%	
BIS capital ratio	10.52%	10.76%		11.30%		11.14%	

(*) Total assets and risk-weighted assets are including discontinued operations. FTE are including LaSalle, however excluding Bouwfonds and AAMG.

The figures in the press release have not been subject to audit

Figures are excluding consolidation effect of controlled non-financial investments, also referred to as private equity investments

All figures are stated excluding the consolidation effect of controlled non-financial investments. The consolidation effect is the impact per line item of these investments, which are consolidated under IFRS. We believe that combining the temporary holdings in private equity investments active in different types of business other than our financial business does not provide a meaningful basis for discussion of our financial condition and results of operation. We refer to Annex 2 for a further discussion of the use of these non-GAAP financial measures. We have presented in Annex 2, and investors are encouraged to review, reconciliations of the figures excluding the consolidation of private equity investments and including the consolidation effects of our controlled private equity holdings.

Figures at constant foreign exchange rates

In addition to the actual growth measures, we have explained variances in terms of 'constant foreign exchange rates' or 'local currency'. These variances exclude the effect of currency translation difference. We refer to Annex 2 for a further discussion of the use of these non-GAAP financial measures.

Revised interim financial statements

This press release includes a set of interim financial statements as required under IFRS. These statements have been included as Annex 3 to this press release and include a consolidated income statement, consolidated balance sheet, a consolidated statement of changes in equity and a consolidated cash flow statement as well as the relevant accompanying notes to these statements.

Reporting adjustments

For comparison reasons the figures by BU have been adjusted to reflect the following (earlier announced) changes: BU Global Clients is reported in the regions; the International Diamonds & Jewellery Group is included in Group Functions (previously BU Private Clients) and BU Asset Management includes Asset Management France (previously in BU Private Clients).

To aid the analysis of the reported figures, we have made adjustments to the reported figures for the following items in 2006 and 2007. The adjusted figures throughout this press release therefore exclude the following items:

Second quarter 2006	**Gross (EUR mln)**	**Net (EUR mln)**
Gain from the sale of K&H (income)	208	208
Services restructuring charge (expenses)	72	55
Services restructuring charge (discontinued)	(12)	(8)

First quarter 2007	**Gross (EUR mln)**	**Net (EUR mln)**
Provision for DOJ investigation (expenses)	365	275
Gain on the sale AAMG (discontinued)	97	97

Second quarter 2007	**Gross (EUR mln)**	**Net (EUR mln)**
Gain on sale of Private Clients Miami (income)	77	72
Transaction-related advisory fees (expenses)	81	60
Adjustment to gain on the sale AAMG (discontinued)	(4)	(4)

Please note that the net operating income of LaSalle is presented as part of 'results from discontinued operations' in 2006 and 2007. For a further breakdown of the profit from discontinued operations net of tax, we refer to the Interim Financial Report for the period ended 30 June 2007, note 11, as included in Annex 3.

First half 2007 compared with first half 2006

Operating income

The Group's operating income increased by 12.6% on the back of increases across all Business Units (BUs) except Group Functions. The regions include the results from the BU Global Clients. Adjusted operating income increased 14.3% as the Group's main growth engines, the BUs Latin America and Asia, showed significant growth, underpinned by a strong performance in the BUs Global Markets and Global Clients. The broad-based regional client revenue growth is the result of a consistent focus on our strong local relationships across the various regions, combined with our ability to offer a wide and competitive product suite to our mid-market clients. The BU Europe's EUR 483 mln increase in revenues, for example due to further focus on the Financial Institutions client segment, was particularly noteworthy.

Operating expenses

Operating expenses rose by 14.0%. Adjusted operating expenses increased by 8.6% as higher revenues resulted in higher bonus accruals incurred in the BU Europe and Global Markets. Furthermore, the continued growth of our Asian activities, including new branch openings, resulted in EUR 156 mln higher costs. Excluding bonus accruals, adjusted operating expenses were up only 1.5%, against adjusted revenue growth of 14.3%, reflecting strong cost control as well as further benefits from the Group's continuing Services programme.

Operating result

The reported improvement in operating result was 9.1%. The adjusted operating result was up 29.1% to EUR 3,332 mln due to an improved performance across all the regional Client BUs, underpinned by further improvement of the operational performance of the BU Global Markets and Transaction Banking. This resulted in an improvement of the adjusted efficiency ratio of 3.6 percentage points to 68.5%.

Loan impairments

Provisions increased EUR 166 mln to EUR 886 mln, EUR 729 mln of which were in the consumer portfolio and EUR 157 mln in the commercial portfolio. The increase was due to further strong growth in the Brazilian high-margin retail and loan portfolios in the BU Latin America, as well as to the reclassification at Antonveneta between loan impairment and net interest income in respect of interest on impaired loans (as announced with the third quarter 2006 results), which was not applied in the first half of 2006.

Discontinued operations Discontinued operations include the net-of-tax operating results from ABN AMRO Mortgage Group, LaSalle and Bouwfonds non-mortgage.

Profit for the period The Group's reported profit for the period decreased by 1.4%. However, the adjusted profit for the period went up by 13.4% to EUR 2,390 mln.

Risk-weighted assets Continued active capital management, including through securitisations and loan sale, resulted in a EUR 5.9 bln decrease in risk-weighted assets (RWA) to EUR 294.3 bln.

Net profit attributable to ABN AMRO shareholders Net profit attributable to shareholders was EUR 2,165 mln. Minority interest went up by EUR 22 mln to EUR 55 mln.

Return on equity Return on equity for the first half was 17.8%, below the target of 20%. We expect to meet the 20% return on equity target for the full year 2007, including expected book profits on disposals.

Capital ratios In the first half of 2007, we completed a EUR 1 bln share buy-back programme via the repurchase of 31.6 mln shares. The tier 1 ratio was 8.17%, 1 basis point higher than at 30 June 2006. The core tier 1 ratio was 6.12%, an increase of 13 basis points. The total capital ratio stood at 10.52%, a decrease of 24 basis points.

Dividend The interim dividend is 5.5% higher at EUR 0.58 and will be payable in cash only. For those shareholders who would like to elect to have the cash dividend invested in stock, ABN AMRO will facilitate the process by buying stock in the open market by means of a Dividend Reinvestment Programme (DRIP). Further details on the DRIP can be found on our website: www.abnamro.com.

Half year update The results from the BUs Global Markets, Global Clients and Transaction Banking are reported in the regions. In order to track progress against previously communicated targets, please see further disclosure on the BUs Global Clients and Global Markets on pages 34-37.

The BU Global Markets' revenues were up by EUR 596 mln or 28.0% to EUR 2,722 mln, a record first half, due to continued strong growth in all asset and product classes. Tight cost control resulted in a market-leading 8.1 percentage-point improvement in the efficiency ratio for the first half 2007 to 68.3%, excluding the Services restructuring charge in 2006. The ratio is in line with the Group's efficiency ratio, and an overall contribution to the profit for the period of the Group of 30.6% in the first six months.

The BU Global Clients' revenues increased by EUR 343 mln or 29.4%, outpacing market growth, a very strong performance driven by strong client relationships, which resulted in many cross-border transactions. Good cost control resulted in an operating result that more than doubled and a return on assigned risk capital above the target set for 2007.

Transaction Banking was one of the main drivers behind the growth in operating result and profit for the period of the Group. The growth in Transaction Banking product revenues reflects client confidence in our Payments and Trade business. This has allowed us to close a number of large, multi-year deals around the world, creating good revenue growth while keeping costs flat. We continue to win major awards for innovation, due to our focus on building client-driven solutions that address our clients' working capital needs.

Second quarter 2007 compared with first quarter 2007

Operating income Total operating income grew by EUR 239 mln or 4.6%. Adjusted operating income increased 3.1%, due to further growth in the BUs Latin America, Europe,

	Asia, and Private Equity, partly offset by a EUR 209 mln decline in Group Functions and disappointing revenues at Antonveneta. The BU Latin America increased revenues by 13.2%, mainly on the back of continued strong growth in the Brazilian retail loan portfolio at improved margins. Revenue growth in the BU Europe was driven by a further increase in client activity in Global Markets products. The BU Asia grew its revenues by 7.9%, driven by strong Global Markets, mergers and acquisitions (M&A) and equity capital markets (ECM) revenues. Group Functions revenues declined due to lower Asset and Liability Management (ALM) and proprietary trading results. The revenue growth expected at Antonveneta did not materialise.
Operating expenses	Total operating expenses were 4.0% lower. Adjusted operating expenses rose 3.5%. This increase was driven by higher personnel costs (including bonus accruals).
Operating result	The operating result increased 30.9% on a reported basis. The adjusted operating result increased 2.2% following a very strong first quarter, due to healthy increases in the operating result in the BUs Latin America, Asia, Europe, Global Clients and Global Markets, partly offset by a lower result in Group Functions. The adjusted efficiency ratio remained almost unchanged at 68.6%.
Loan impairments	The provisioning level for the Group increased by EUR 80 mln due to continued growth of the high-margin Brazilian retail and consumer loan portfolios in the BU Latin America.
Taxes	The effective tax rate of continuing activities was 21.0% compared with 18.2% in the previous quarter.
Discontinued operations	Discontinued operations included the net-of-tax operating results from ABN AMRO Mortgage Group and LaSalle.
Profit for the period	The reported profit for the period was up by 8.6%. Adjusted profit for the period was down by 7.6% due to a higher tax rate, higher provisions, and a slightly lower contribution from LaSalle.
Return on equity	Return on equity for the second quarter was 18.4%.
Risk-weighted assets	As at 30 June 2007, the Group's RWA increased by EUR 11.0 bln to EUR 294.3 bln as a result of increases in the BU Netherlands and Group Functions.

Recent developments

Department of Justice investigation

As previously disclosed, the United States Department of Justice has been conducting a criminal investigation into the Bank's dollar clearing activities, OFAC compliance procedures and other Bank Secrecy Act compliance matters. The Bank has cooperated and continues to cooperate fully with the investigation. Although no written agreement has yet been reached and negotiations are ongoing, the Bank has reached an agreement in principle with the Department of Justice that would resolve all presently known aspects of the ongoing investigation.

Under the terms of the agreement in principle, the Bank and the United States would enter into a deferred prosecution agreement relating to the issues that are the subject of the current criminal investigation. In the deferred prosecution agreement, the Bank would waive indictment and agree to the filing of an information in the United States District Court charging it with certain violations of federal law based on information disclosed in an agreed factual statement. The Bank would also agree to continue cooperating in the United States' ongoing investigation and to settle all known civil and criminal claims currently held by the United States for the sum of USD 500 mln. The precise terms of the deferred prosecution agreement are still under negotiation.

In consideration for the foregoing provisions, as well as the Bank's extensive remedial actions to date and its willingness to demonstrate future good conduct and full compliance with all applicable federal laws, the United States would recommend to the United States District Court that the prosecution of the Bank under the information be deferred for a fixed period. At the end of that fixed period, provided the Bank is in full compliance with all of its obligations under the deferred prosecution agreement, the United States would seek dismissal with prejudice of the information filed against the Bank. The precise terms of the deferred prosecution agreement and agreed factual statement are still under negotiation.

Recent developments related to the offers for ABN AMRO

On 30 May 2007, ABN AMRO acknowledged receipt of the proposed offer made by Fortis, Royal Bank of Scotland (RBS) and Santander (the Consortium), details of which have been published on 29 May 2007 by the Consortium. In response to the announcement by the Consortium, the Supervisory Board formed a Transaction Committee (the Transaction Committee) composed of the members of the Special Committee, being Arthur Martinez, chairman of the Supervisory Board, André Olijslager, vice-chairman of the Supervisory Board, and Rob van den Bergh. The Transaction Committee will liaise with the Managing Board and key staff and advisers of the bank on an ongoing basis on all matters with respect to the recommended offer by Barclays PLC (Barclays) for ABN AMRO as announced on 23 April 2007 and with respect to the proposed offer as announced on 29 May 2007 by the Consortium.

On 2 July 2007, it was announced that in their announcement of 23 May 2007, Barclays and ABN AMRO had indicated that Barclays' Offer Documentation would be published in July, subject to the satisfaction of all pre-conditions specified in the original press release dated 23 April 2007. Good progress continued to be made in relation to the pre-conditions, documentation and regulatory change of control approvals. Since the regulatory review processes relating to the documentation were not yet completed, the Netherlands Authority for the Financial Markets (AFM) agreed an extension so that an announcement on the availability of the formal Offer Documentation could take place on or before 23 July 2007. On 19 July 2007, Barclays announced that the AFM had agreed a further extension so that an announcement on the formal offer documentation being available can be made on or before 6 August 2007.

On 13 July 2007, the Dutch Supreme Court ruled in respect of ABN AMRO's appeal against the provisional injunction imposed by the Enterprise Chamber on 3 May 2007 restraining ABN AMRO from completing the sale of LaSalle to Bank of America without approval of its shareholders. The ruling of the Supreme Court confirmed that the sale of LaSalle is not subject to the approval of ABN AMRO shareholders. This transaction will be consummated once regulatory approval has been granted.

On 18 July 2007, ABN AMRO acknowledged that it had received a revised proposed offer from the Consortium, which it would discuss with representatives of the Consortium. Under the terms of the Merger Protocol dated 23 April 2007, ABN AMRO would also discuss with Barclays their offer and the implications of the Consortium's revised proposed offer. ABN AMRO confirmed that its Managing and Supervisory Boards will act in the best interests of all stakeholders, including shareholders, and will assess the proposed offers in a fair and transparent manner. ABN AMRO also confirmed that it has no intention of making any major asset disposals at the current time.

On 20 July 2007, the Managing Board of ABN AMRO confirmed it had received advice from the Dutch Central Works Council and the opinion of the European Staff Council regarding the proposed merger with Barclays. In accordance to the legal limitations of its mandate, the advice of the Dutch Works Council is restricted to the local jurisdiction of the Netherlands. The advice is positive. The European Staff Council had been asked to provide an opinion on the proposed merger with Barclays in so far as it would impact activities in Europe. The opinion of the European Staff Council is also positive.

On 23 July 2007, ABN AMRO confirmed that it had received a proposal for a revised offer from Barclays (the Revised Barclays Offer) and noted that the Consortium had formally launched its offer for ABN AMRO. The Revised Barclays Offer includes amended offer terms and has introduced a significant cash element, together with a mix-and-match alternative. The proposed strategic cooperation between Barclays and China Development Bank further enhances the growth opportunities of the combined group in the attractive Asian market and can result in creation of additional long-term value for ABN AMRO shareholders. ABN AMRO welcomed the opportunity for shareholders to consider two competing proposals on a level playing field. As announced previously, ABN AMRO confirmed that its Managing and Supervisory Boards will act in the best interests of all stakeholders, including shareholders, and will assess both offers in a fair and transparent manner.

Other recent developments

On 8 June 2007, ABN AMRO won the Financial Times Sustainable Bank of the Year award for achieving world-class standards in sustainable banking. In addition to this overall award, ABN AMRO India won the global Emerging Markets Sustainable Bank of the Year award for its leadership role in India. ABN AMRO formalised its drive for sustainable development about ten years ago, in recognition of the fact that a wide range of global issues shape our societal and business environment. These include climate change, energy and fresh water constraints, poverty, environmental degradation and respect for human rights. These are issues that raise many challenges and opportunities, not just for society at large, but also for our organisation, employees, clients, shareholders, suppliers and the environment. In addition, ABN AMRO announced its intention to become carbon neutral by the end of next year.

On 8 June 2007, ABN AMRO announced that it would acquire the branch network of Taitung Business Bank in Taiwan following a government auction. The acquisition will add significant scale to ABN AMRO's Taiwan franchise where it is already a top-three foreign bank. Under the terms of the sale, ABN AMRO is entitled to relocate the majority of 32 branches to prime locations for its mass affluent and small and medium-sized enterprises (SME) client base, allowing tailoring to fit the bank's mid-market strategy. After closure of the acquisition, the total number of branches in Taiwan will be 37.

On 15 June 2007, ABN AMRO announced that its share buy-back programme of EUR 1 bln had been completed. A total number of 31,646,434 shares were bought at an average price of EUR 31.60. The share buy-back programme was announced on 8 February 2007 and started on 12 February 2007. As stated previously, ABN AMRO will continue to neutralise the 2006 final stock dividend. As announced on 26 April 2007, all dividend payments will be in cash as from the interim dividend 2007.

On 3 July 2007, ABN AMRO inaugurated ABN AMRO Bank (China) Co., Ltd, the locally incorporated entity of the bank in China, headquartered in Shanghai, after having recently received approval from the China Banking Regulatory Commission for local incorporation in China. This will facilitate ABN AMRO's ambitious growth and expansion plans into renminbi (RMB)-denominated banking services in China. To support this growth, ABN AMRO has more than tripled its registered share capital to RMB 4 bln from RMB 1.3 bln.

On 5 July 2007, it was announced that Mellon Bank N.A. (Mellon) had agreed to purchase ABN AMRO's 50% share in ABN AMRO Mellon Global Securities Services B.V., the joint venture company established by ABN AMRO and Mellon in 2003 aimed at providing global custody and related services to institutions outside North America. The transaction – which is subject to certain conditions, including regulatory and other approvals – is expected to close during the third quarter 2007.

ABN AMRO continues to be engaged in the Bank Secrecy Act compliance issues and related written agreement described in previous press releases. Investigations have had, and will continue to have, an impact on ABN AMRO's operations in the US, including procedural limitations on expansion and the powers otherwise exercisable as a financial holding company. Regarding this matter the Dutch Central Bank (DNB) announced on 26 July 2007 that, based on the result of its validation of all of ABN AMRO's actions taken in respect of DNB's Order of 19 December 2005, ABN AMRO has complied with the directive as well as with its obligations under the Financial Services Act. Therefore the directive is terminated with immediate effect. Further progress and implementation of ABN AMRO's actions will be monitored in the course of DNB's regular supervisory processes.

The BU Netherlands

(in millions of euros)	year to date			quarterly				
	2007	**2006**	**% change**	**Q2 2007**	**Q1 2007**	**% change**	**Q2 2006**	**% change**
Net interest income	1,730	1,609	7.5	892	838	6.4	812	9.9
Net fees and commissions	499	486	2.7	242	257	(5.8)	216	12.0
Net trading income	360	360	0.0	170	190	(10.5)	184	(7.6)
Other operating income	112	138	(18.8)	37	75	(50.7)	98	(62.2)
Total operating income	2,701	2,593	4.2	1,341	1,360	(1.4)	1,310	2.4
Total operating expenses	1,773	1,767	0.3	902	871	3.6	917	(1.6)
Operating result	928	826	12.3	439	489	(10.2)	393	11.7
Loan impairment	206	176	17.0	101	105	(3.8)	91	11.0
Operating profit before tax	722	650	11.1	338	384	(12.0)	302	11.9
Income tax expense	154	146	5.5	69	85	(18.8)	62	11.3
Net operating income	568	504	12.7	269	299	(10.0)	240	12.1
Discontinued operations (net)	2	91		2	0		41	
Profit for the period	570	595	(4.2)	271	299	(9.4)	281	(3.6)
Efficiency ratio	65.6%	68.1%		67.3%	64.0%		70.0%	
	30 Jun 07	**30 Jun 06**	**% change**		**31 Mar 07**	**% change**	**31 Dec 06**	**% change**
Staff (FTE)	22,515	22,609	(0.4)		22,317	0.9	22,213	1.4
(in billions of euros)								
Total assets	215.8	189.8	13.7		204.7	5.4	206.3	4.6
Risk-weighted assets	90.0	79.2	13.6		86.8	3.7	81.2	10.8

Note: staff, total assets and risk-weighted assets are based on 'continuing operations'

As of 1 January 2007 the BU Netherlands (BU NL) includes the Global Clients Netherlands activities. The 2006 results have been restated accordingly.

First half 2007 compared with first half 2006

- *Total operating income* grew by 4.2% to EUR 2,701 mln. This increase came on the back of a substantial increase in net interest income in the consumer and commercial client businesses, ALM transactions, as well as a solid contribution from Global Markets on the back of improved market conditions and organic growth, partly offset by a lower contribution from Global Clients Netherlands.

  The liability side drove the 7.5% increase in net interest income. Consumer savings volumes grew by 1.6% with market share remaining stable above 20%, while commercial savings volumes went up by 8.1%. Margins on consumer and commercial savings products also improved.

  Solid economic expansion helped drive healthy loan growth, with average loan volumes for the consumer and commercial client business increasing by 5.9%. Double-digit volume growth in commercial loans (including current accounts) was partly offset by lower margins as a result of the increased cost of funding. Consumer loan volumes were slightly lower, with margins under pressure in an increasingly competitive market. The market share in consumer loans, excluding mortgages, fell back slightly to just below 25%.

  The mortgage portfolio increased by 4.5% to EUR 81 bln. The overall mortgage market in the Netherlands is contracting as a result of the stagnation in the number of building permits for housing, as well as rising mortgage interest rates. The impact of the housing transactions trend is partly offset by the size of the average mortgage amount, which reflects the increase in average house prices of approximately 6% year-on-year. Rising mortgage rates drove a decline in refinancings. Despite continued intense competition, ABN AMRO's market share in new mortgage production improved from 11.8% to 13.1%. This gain came on the back of the successful launch of the Florius label, which is aimed at the independent broker channel. Margins on the mortgage portfolio remained under pressure.

  The contribution from Global Clients was slightly lower as the results of the first half of 2006 had benefited from a number of large transactions that did not recur in the first half of 2007.

- *Total operating expenses* were stable at EUR 1,773 mln. Excluding the Services restructuring charge in 2006 of EUR 34 mln (EUR 25 mln net), total operating expenses increased by 2.3%, well below the increase in operating income. This good expense control reflects management's continued focus on costs, in the face of the impact of the new collective labour agreement (CLA) and higher performance-related bonuses.

- *The operating result* increased by 12.3% to EUR 928 mln and the efficiency ratio improved by 2.5 percentage points to 65.6%. Excluding the Services restructuring charge in 2006, the increase in operating result was 8.0%, and the efficiency ratio improved by 1.2 percentage points.

- *Provisions* increased by 17.0% to EUR 206 mln, or 48 basis points of average RWA. This increase was mainly due to two substantial additions in the corporate clients portfolio. Provisions in the consumer portfolios decreased.

- *Net operating profit* increased by 12.7% to EUR 568 mln.

- *Discontinued operations (net)* included the first half 2006 results of Bouwfonds non-mortgage, the sale of which was finalised in the fourth quarter of 2006.

- *RWA* increased by 13.6% to EUR 90.0 bln, mainly due to organic growth of the loan and mortgage portfolios as well as the reallocation of existing RWA relief programmes to the Group.

Second quarter 2007 compared with first quarter 2007

- *Total operating income* decreased by 1.4% to EUR 1,341 mln, with good growth in net interest income being offset by a decline in non-interest income. Client satisfaction in the BU NL improved.

  Net interest income grew by 6.4% to EUR 892 mln, driven by growth in loan volumes and deposit balances at overall stable margins and ALM transactions. Although commercial loans saw volume growth and lower margins, the inverse took place in consumer loans. Savings volumes, on the business as well as the retail side, saw continued growth at slightly better margins.

  Non-interest income declined mainly due to lower advisory fees in Global Clients Netherlands, as well as a somewhat lower contribution from Global Markets mainly due to lower volatility in the equity markets.

  Mortgages showed a 13.7% increase in new production on the back of the successful introduction of the Florius brand. However, margins remained under pressure.

- *Total operating expenses* increased by 3.6% to EUR 902 mln mainly as a result of the impact of the new CLA and new marketing campaigns.

- *The operating result* declined by 10.2% to EUR 439 mln and the efficiency ratio increased by 3.3 percentage points to 67.3%.

- *Provisions* decreased by 3.8% to EUR 101 mln, as an increase in the corporate clients portfolio was offset by lower Incurred But Not Identified (IBNI) provisions. Delinquencies in the consumer portfolio continued to decrease. Expressed as a percentage of average RWA, provisions decreased by 4 basis points to 46 basis points of average RWA. For the second half of 2007, provisions are expected to decline from the level seen in the first half.

- The effective *tax* rate for the BU NL was down by 1.7 percentage points to 20.4%.

- *Net operating profit* declined by 10.0% to EUR 269 mln.

The BU Europe including Antonveneta

(in millions of euros)	year to date			quarterly				
	2007	**2006**	**% change**	**Q2 2007**	**Q1 2007**	**% change**	**Q2 2006**	**% change**
Net interest income	920	767	19.9	476	444	7.2	399	19.3
Net fees and commissions	543	672	(19.2)	265	278	(4.7)	386	(31.3)
Net trading income	1,069	539	98.3	553	516	7.2	150	
Results from fin. transactions	32	40	(20.0)	19	13	46.2	72	(73.6)
Results from equity holdings	4	0		3	1		0	
Other operating income	39	47	(17.0)	21	18	16.7	20	5.0
Total operating income	2,607	2,065	26.2	1,337	1,270	5.3	1,027	30.2
Total operating expenses	1,956	1,829	6.9	991	965	2.7	964	2.8
Operating result	651	236	175.8	346	305	13.4	63	
Loan impairment	163	55	196.4	92	71	29.6	23	
Operating profit before tax	488	181	169.6	254	234	8.5	40	
Income tax expense	128	156	(17.9)	82	46	78.3	86	(4.7)
Profit for the period	360	25		172	188	(8.5)	(46)	
Efficiency ratio	75.0%	88.6%		74.1%	76.0%		93.9%	
	30 Jun 07	**30 Jun 06**	**% change**		**31 Mar 07**	**% change**	**31 Dec 06**	**% change**
Staff (FTE)	18,459	17,959	2.8		18,204	1.4	18,067	2.2
(in billions of euros)								
Total assets	504.8	403.4	25.1		470.4	7.3	402.8	25.3
Risk-weighted assets	73.5	73.8	(0.4)		75.5	(2.6)	73.8	(0.4)

In order to facilitate the analysis, we have split the BU Europe into two parts: the BU Europe excluding Antonveneta, and Antonveneta.

The BU Europe excluding Antonveneta

(in millions of euros)	year to date			quarterly				
	2007	**2006**	**% change**	**Q2 2007**	**Q1 2007**	**% change**	**Q2 2006**	**% change**
Net interest income	289	235	23.0	164	125	31.2	126	30.2
Net fees and commissions	280	381	(26.5)	137	143	(4.2)	244	(43.9)
Net trading income	1,023	501	104.2	527	496	6.3	130	
Results from fin. transactions	20	17	17.6	22	(2)		51	(56.9)
Results from equity holdings	5	0		4	1		0	
Other operating income	0	0		3	(3)		(4)	
Total operating income	1,617	1,134	42.6	857	760	12.8	547	56.7
Total operating expenses	1,323	1,184	11.7	693	630	10.0	634	9.3
Operating result	294	(50)		164	130	26.2	(87)	
Loan impairment	3	(2)		10	(7)		(2)	
Operating profit before tax	291	(48)		154	137	12.4	(85)	
Income tax expense	48	23	108.7	42	6		4	
Profit for the period	243	(71)		112	131	(14.5)	(89)	
Efficiency ratio	81.8%	104.4%		80.9%	82.9%		115.9%	
	30 Jun 07	**30 Jun 06**	**% change**		**31 Mar 07**	**% change**	**31 Dec 06**	**% change**
Staff (FTE)	8,916	8,245	8.1		8,793	1.4	8,460	5.4
(in billions of euros)								
Total assets	450.4	354.7	27.0		416.9	8.0	351.3	28.2
Risk-weighted assets	32.7	35.8	(8.7)		34.5	(5.2)	33.7	(3.0)

As of 1 January 2007, the BU Europe included the Global Clients Europe activities. The 2006 results have been restated accordingly.

First half 2007 compared with first half 2006

- *Total operating income* increased by 42.6% as revenues benefited from strong client revenue growth across Corporates and Financial Institutions sectors and a strong performance across all products. The largest growth driver for Corporates and Financial Institutions revenues were record Structured Finance product revenues.

  Financial Institutions also benefited from increased Equities and private investment products (PIP) revenues (particularly in Germany and Switzerland). Strong revenues, in particular from volatility products, supported Equities' improved performance in the first half 2007. Equities was ranked highly in

the Thomson Extel Pan-European survey in the first half 2007, and was voted the top house for pan-European Economics for the fifth consecutive year.

Increased Financial Markets and M&A revenues also contributed to the growing momentum of the client franchise.

A significant increase in Transaction Banking revenues for Corporates was supported by new product initiatives in Western Europe and continued expansion of our Eastern European franchise.

Key deals included high-profile mandates such as the EUR 2.5 bln merger between NYSE and Euronext, in which we acted as financial and strategic adviser to Euronext. We were sole financial adviser and broker, and joint bookrunner, for Iberdrola in their EUR 17.1 bln public offer for Scottish Power. We were lead manager of the GBP 396 mln Peterborough PFI transaction in the UK, capitalising on our innovative structuring capabilities. We were also financial adviser to Unibail Holding on their EUR 28.5 bln cross-border merger with Rodamco Europe, which created the largest network of prime shopping centres across Europe.

- *Total operating expenses* increased by 11.7%. Excluding the 2006 Services restructuring charge of EUR 46 mln (EUR 35 mln net), operating expenses increased by 16.3%. This was attributable to higher bonus accruals reflecting the significant increase in revenues. In the first half of 2007, the number of FTEs increased compared with the first half of 2006 due to the inclusion of Risk, Audit and Compliance FTEs that were previously reported in Group Functions. This did not result in additional costs.

- *The operating result* increased by EUR 344 mln to a positive result of EUR 294 mln. Excluding the Services restructuring charge, the operating result increased by EUR 298 mln. This resulted in an efficiency ratio of 81.8%, an improvement of 18.6 percentage points.

- *Provisions* totalled EUR 3 mln in the first half 2007, compared with a net provision release of EUR 2 mln in the first half of 2006.

- The first-half 2007 effective *tax* rate was 16.5%. This relatively low tax rate was due to tax credits realised in the first half of 2007, and is not deemed sustainable.

- *Profit for period* increased by EUR 314 mln to a profit of EUR 243 mln. Excluding the Services restructuring charge, profit for the period increased by EUR 279 mln.

- Focus on tight capital discipline, including participation in Group-wide securitisation programmes and asset sales, resulted in an 8.7% decrease in *RWA*.

Second quarter 2007 compared with first quarter 2007

- *Total operating income* increased by 12.8% due to increased client flows and a further increase across all products.

  Total client revenues in the BU Europe grew compared with the first quarter, with Corporates revenues growing significantly due to increased Structured Finance, Equities and M&A revenues.

  Financial Institutions revenues also grew on the back of increased Structured Finance and Equities revenues, with continued growth of the institutional derivatives business. These offset a weakened performance in Financial Markets due to a shift in market conditions.

  Transaction Banking revenues increased for both Financial Institutions and Corporates largely due to the strong growth achieved through our continued focus on Eastern European markets, in particular Russia, Romania, Poland and Kazakhstan.

  Key deals included the first Romanian leu-denominated bond issue from the European Investment Bank and acting as sole financial adviser to Alcatel-Lucent on the EUR 1.7 bln contribution of transport, security and satellite divisions to Thales.

- *Total operating expenses* increased by 10.0% mainly due to higher bonus accruals following the strong increase in revenues.

- *The operating result* improved by 26.2% to EUR 164 mln, and the efficiency ratio improved by 2 percentage points to 80.9%.

- *Provisions* were EUR 10 mln, compared with a EUR 7 mln provision release in the first quarter. This reflected the trend in the credit cycle. Although credit quality is expected to remain strong, the current low provisioning level is not deemed sustainable over the longer term.

- Although the BU Europe benefited from *tax* credits in both the first and second quarter of 2007, the net impact of these was less pronounced in the second quarter. The effective tax rate increased by 22.9 percentage points to 27.3%.

- *Profit for the period* decreased by EUR 19 mln to a profit of EUR 112 mln, as a result of the higher tax credit received in the first quarter 2007.

- *RWA* decreased by 5.2% due to strong capital management.

The BU Europe is expected to maintain strong client revenue momentum in the second half of 2007. However, it is not expected that the BU Europe's first half exceptional performance will be fully replicated in the second half, partly due to the current corporate uncertainty, and also because tax credits in the first half of 2007 are not expected to recur in the second half. The BU Europe is already profitable, in line with its full-year commitments.

About the BU Europe

The BU Europe serves three client bases, corporates and financial institutions, which account for 98% of operating income, and consumer clients. The BU Europe also includes a large part of the BU Global Markets infrastructure and approximately 75% of the BU Europe's first half 2007 revenues were Global Markets products. Overall results have therefore been, and will continue to be, impacted by market volatility going forward.

The BU Europe continues to focus on accelerating the growth of the client franchise. Increased Structured Finance, Equities and M&A revenues all show that this strategy is bearing fruit. Strong client revenues in all products are supported by areas of particular excellence. These include the PIP franchise in Germany and Switzerland, and ABN AMRO's leading record in sustainability, which is driven by new products such as the eco-markets business.

The BU Europe continues to invest in the dynamic economies of Eastern Europe. A new branch has been opened in Slovakia to meet strong client demand for local support. Our presence in Poland and Turkey has also grown to improve our client service and competitive advantage by providing global excellence combined with local intimacy. The consumer banking franchise in Kazakhstan and Romania is expanding, building on our offering to emerging and mass affluent clients. Overall, this has helped the increased revenue contribution from the European network outside the UK, compared with 2006.

Antonveneta

(in millions of euros)	year to date			quarterly				
	2007	**2006**	**% change**	**Q2 2007**	**Q1 2007**	**% change**	**Q2 2006**	**% change**
Net interest income	631	532	18.6	312	319	(2.2)	273	14.3
Net fees and commissions	263	291	(9.6)	128	135	(5.2)	142	(9.9)
Net trading income	46	38	21.1	26	20	30.0	20	30.0
Results from fin. transactions	12	23	(47.8)	(3)	15		21	
Results from equity holdings	(1)	0		(1)	0		0	
Other operating income	39	47	(17.0)	18	21	(14.3)	24	(25.0)
Total operating income	990	931	6.3	480	510	(5.9)	480	0.0
Total operating expenses	633	645	(1.9)	298	335	(11.0)	330	(9.7)
Operating result	357	286	24.8	182	175	4.0	150	21.3
Loan impairment	160	57	180.7	82	78	5.1	25	
Operating profit before tax	197	229	(14.0)	100	97	3.1	125	(20.0)
Income tax expense	80	133	(39.8)	40	40	0.0	82	(51.2)
Profit for the period	117	96	21.9	60	57	5.3	43	39.5
Efficiency ratio	63.9%	69.3%		62.1%	65.7%		68.8%	
	30 Jun 07	**30 Jun 06**	**% change**		**31 Mar 07**	**% change**	**31 Dec 06**	**% change**
Staff (FTE)	9,543	9,714	(1.8)		9,411	1.4	9,607	(0.7)
(in billions of euros)								
Total assets	54.4	48.7	11.7		53.5	1.7	51.5	5.6

Antonveneta stand-alone

(in millions of euros)	year to date			quarterly				
	2007	**2006**	**% change**	**Q2 2007**	**Q1 2007**	**% change**	**Q2 2006**	**% change**
Net interest income	637	572	11.4	315	322	(2.2)	290	8.6
Net fees and commissions	263	291	(9.6)	128	135	(5.2)	142	(9.9)
Net trading income	46	38	21.1	26	20	30.0	20	30.0
Results from fin. transactions	26	43	(39.5)	(2)	28		40	
Results from equity holdings	(1)	0		(1)	0		0	
Other operating income	39	47	(17.0)	18	21	(14.3)	24	(25.0)
Total operating income	1,010	991	1.9	484	526	(8.0)	516	(6.2)
Total operating expenses	589	556	5.9	299	290	3.1	287	4.2
Operating result	421	435	(3.2)	185	236	(21.6)	229	(19.2)
Loan impairment	160	57	180.7	82	78	5.1	25	
Operating profit before tax	261	378	(31.0)	103	158	(34.8)	204	(49.5)
Income tax expense	109	187	(41.7)	46	63	(27.0)	109	(57.8)
Profit for the period	152	191	(20.4)	57	95	(40.0)	95	(40.0)
Efficiency ratio	58.3%	56.1%		61.8%	55.1%		55.6%	

The results in the Antonveneta table at the top of the page are the reported results as included in the consolidation of the bank. These results include the impact of purchase accounting on the Antonveneta stand-alone results as presented in the table directly above. Please note that the purchase accounting impacts result from the valuation of intangible assets (amounting to EUR 1,194 mln) and fair-value adjustments of principally financial assets and liabilities. The intangible assets are amortised over a period of approximately eight years under operating expenses. The fair-value adjustments are substantially amortised through net interest income over a period ranging from one to eight years dependent on the duration of the respective assets and liabilities and/or adjusted realised gains on sales of related assets and liabilities.

The analysis below is based on results of Antonveneta on a stand-alone basis.

First half 2007 compared with first half 2006

- *Total operating income* increased by 1.9% to EUR 1,010 mln as a result of a EUR 65 mln increase in net interest income.

  The increase in net interest income was partly due to a EUR 41 mln reclassification between loan impairment and net interest income in respect of interest on impaired loans (as announced with the third quarter 2006 results, due to an alignment of accounting principles), which was not applied in the first half of 2006. Overall lending volumes remained stable, while mortgage revenues increased.

  Net fees and commissions were down by EUR 28 mln as fees were aligned to market rates and margins on investment products were lowered slightly, and are expected to drive volume growth going forward.

Results from financial transactions were down by EUR 17 mln, despite a EUR 22 mln gain on the sale of part of the Italease stake in the first half of 2007, driven by a EUR 15 mln negative revaluation of the investment portfolio and higher than average capital gains realised in 2006. Excluding the reclassification effect, the gain on the sale of a stake in Italease, and the investment portfolio revaluation, total operating income was down 2.9%. Operating income is expected to accelerate in the second half of 2007.

- *Total operating expenses* were up 5.9% to EUR 589 mln, partly due to a EUR 18 mln increase in integration costs. Personnel costs remained stable. A changed Italian law led to a change in the methodology for provisioning for post employment benefits, resulting in a EUR 17 mln release.

- *The operating result* decreased by 3.2% to EUR 421 mln resulting in an efficiency ratio of 58.3%, a 2.2 percentage-point increase. Excluding the reclassification effect, the integration costs, the post employment benefits release, and the investment portfolio revaluation, the operating result was down by 14.0%.

- *Provisions* increased by EUR 103 mln to EUR 160 mln. Excluding the reclassification and a EUR 46 mln release of IBNI recorded in 2006, provisions increased by EUR 16 mln.

- *Profit for the period* decreased by EUR 39 mln to EUR 152 mln.

Second quarter 2007 compared with first quarter 2007

- *Total operating income* decreased by EUR 42 mln to EUR 484 mln mainly due to a decrease in results from financial transactions on the back of a EUR 22 mln gain on the sale of the Italease stake booked in the first quarter and a negative EUR 15 mln revaluation of the investment portfolio.

  Net interest income declined by EUR 7 mln as a new client account with lower margins was introduced and because spreads tightened. Excluding the gain on the sale of the Italease stake in the first quarter and the revaluation of the investment portfolio, total operating income was almost stable.

- *Total operating expenses* were up by 3.1%, mainly due to an increase in compliance and control costs as well as investments in new initiatives. A EUR 17 mln post employment benefits release resulted in a decrease in personnel costs. Excluding the post employment benefits release, operating expenses went up by 9.0%.

- *The operating result* decreased by 21.6% to EUR 185 mln. Excluding the gain on the sale of a stake in Italease, the post employment benefits release, and the negative investment portfolio revaluation, the operating result was down 14.5%.

- *Provisions* increased by EUR 4 mln to EUR 82 mln. A new credit approval process is expected to generate a lower provisioning level in the second part of the year.

- *Profit for the period* was down by EUR 38 mln to EUR 57 mln.

Further investments made in the client base and actions taken to attract new customers have not yet resulted in an expected pick-up in revenues and therefore it is uncertain whether Antonveneta will meet the stated EUR 500 mln profit for the period on a stand-alone basis. However, the profit for the period is expected to be higher than the 2006 full year stand-alone profit of EUR 413 mln. The initiatives undertaken are expected to result in a significant improvement of the operating performance in the second half of the year. The initiatives taken are:

In the consumer bank:
- Increase staffing levels in understaffed branches (300 hirings made in first half)
- Further grow our exposure in consumer credit products and mortgages
- Start a campaign to sell Antonveneta products (consumer credit products, insurance) through third-party channels
- Introduce new, successful Global Markets and Asset Management products

In the commercial bank:

- Re-price corporate loans in order to drive volume growth and increased penetration
- Increase the sale of Global Markets products to Antonveneta clients, for instance in Structured Lending
- Real estate divestments

Other areas:

- Realign Antonveneta funding programmes to Group
- Increase the sale of PIP products
- Introduce new and faster credit approval process (both in consumer and in commercial) and a more active collection and management of past due portfolio, leading to lower provisions

The BU North America

(in millions of euros)	year to date				quarterly						
	2007	2006	% change	% change [1]	Q2 2007	Q1 2007	% change	% change [1]	Q2 2006	% change	% change [1]
Net interest income	110	49	124.5	141.6	56	54	3.7	5.4	55	1.8	7.6
Net fees and commissions	160	105	52.4	67.0	51	109	(53.2)	(51.0)	63	(19.0)	(10.3)
Net trading income	106	96	10.4	19.3	49	57	(14.0)	(11.6)	62	(21.0)	(15.8)
Results from fin. transactions	2	(18)			26	(24)			(7)		
Other operating income	13	15	(13.3)	(4.0)	2	11	(81.8)	(80.9)	5	(60.0)	(56.0)
Total operating income	391	247	58.3	70.5	184	207	(11.1)	(9.1)	178	3.4	9.6
Total operating expenses	434	370	17.3	26.2	192	242	(20.7)	(19.0)	211	(9.0)	(4.1)
Operating result	(43)	(123)			(8)	(35)			(33)		
Loan impairment	(17)	(17)			(2)	(15)			6		
Operating profit before tax	(26)	(106)			(6)	(20)			(39)		
Income tax expense	(45)	(132)			(25)	(20)			(80)		
Net operating income	19	26	(26.9)	(18.5)	19	0			41	(53.7)	(48.0)
Discontinued operations (net)	549	518	6.0	14.5	197	352	(44.0)	(42.6)	273	(27.8)	(23.6)
Profit for the period	568	544	4.4	12.9	216	352	(38.6)	(37.0)	314	(31.2)	(26.8)
Efficiency ratio	111.0%	149.8%			104.3%	116.9%			118.5%		

1) % change at constant foreign exchange rates (see annex 2)

	30 Jun 07	30 Jun 06	% change	31 Mar 07	% change	31 Dec 06	% change
Staff (FTE)	14,007	15,199	(7.8)	14,429	(2.9)	14,914	(6.1)
(in billions of euros)							
Total assets	174.1	152.5	14.2	161.5	7.8	156.2	11.5
Risk-weighted assets	67.8	70.3	(3.6)	60.5	12.1	67.6	0.3

Note: staff, total assets and risk-weighted assets are including LaSalle, however excluding AAMG

As of 1 January 2007, the BU North America (BU NA) includes the Global Clients North America activities. The 2006 results have been restated accordingly.

On 22 January 2007, ABN AMRO announced the sale of ABN AMRO Mortgage Group, Inc. (AAMG), its US-based residential mortgage broker origination platform and residential mortgage servicing business, to Citigroup. Closing of this transaction occurred on 28 February 2007.

On 23 April 2007, ABN AMRO announced the sale of ABN AMRO North America Holding Company, which principally consists of the retail and commercial banking activities of LaSalle Bank Corporation (LaSalle) to Bank of America for USD 21 bln in cash. The sale of LaSalle is expected to complete in the fourth quarter of 2007 and is subject to regulatory approvals and other customary closing conditions.

Under the terms of the Purchase and Sale Agreement by and between ABN AMRO and Bank of America, ABN AMRO is not entitled to a dividend in respect of the 2007 results. If the cumulative US GAAP result of LaSalle for the last three quarters of 2007 is less than USD 600 mln (or a pro rata proportion thereof if the transaction is settled before the year-end), the sale price will be reduced with the difference.

ABN AMRO has hedged the US dollar risk of the net proceeds of the sale of LaSalle as of July 2007.

The gain on the sale of AAMG, the two months of results of AAMG, and the results of LaSalle are reported as discontinued operations.

Due to the sale of LaSalle, the continuing operations of the BU NA now essentially comprise the North American Global Markets and Global Clients operations. The continuing operations include the global overhead costs allocated to LaSalle that will continue to be incurred by ABN AMRO in the short term. The current corporate uncertainty may affect the results in the second half of 2007.

Please note that all comparisons below are at constant exchange rates (percentages as in the table above) in order to facilitate comparison.

First half 2007 compared with first half 2006

- *Total operating income* increased by 70.5% to EUR 391 mln, mainly as a result of strong growth across the Global Markets activities. Global Markets successfully capitalised on improved market conditions, including in equities through the Principal Strategies M&A side, volatility trading and commission revenues, and the successful introduction and expansion of Strategic Credit Trading which gained from stronger deal flow and volatility movements.

- *Total operating expenses* increased by 26.2% to EUR 434 mln, partly as a result of inter-regional Global Markets cost allocations that did not affect North America in 2006, and higher bonuses.

- At the *operating result* level, the loss was reduced by EUR 80 mln to a loss of EUR 43 mln, and the efficiency ratio improved by 38.8 percentage points to 111.0%.

- *Provisions* were unchanged at a net release of EUR 17 mln.

- Net *tax* credits decreased by EUR 87 mln to a net tax credit of EUR 45 mln.

- *Net operating income* fell by 18.5% to EUR 19 mln.

- *Discontinued operations* were EUR 549 mln in the first half of 2007 and EUR 518 mln in the first half of 2006.

  The commercial banking operations of LaSalle saw continued loan growth partly offset by lower spreads. The operating income of LaSalle's retail banking operations were flat, as rising interest rates led on the asset side to lower home equity loan growth, and on the liability side to core deposits falling as a percentage of total deposits, as customers increasingly shifted funds into higher-yielding types of accounts. The BU NA successfully executed the previously announced FTE reduction.

- *Profit for the period* increased by 12.9% to EUR 568 mln.

- The BU NA successfully executed on its efficiency improvement plan. Total *FTE* for the BU NA as per 30 June 2007 was 14,007, down from 14,914 as per 31 December 2006.

Second quarter 2007 compared with first quarter 2007

- *Total operating income* decreased by 9.1% to EUR 184 mln, as Global Markets revenues fell back slightly from the excellent first quarter, mainly due to lower activity in Equities and structured products.

- *Total operating expenses* decreased by 19.0% to EUR 192 mln, mainly as a result of lower allocated costs.

- At the *operating result* level, the loss was reduced by EUR 27 mln to a loss of EUR 8 mln, and the efficiency ratio improved by 12.6 percentage points to 104.3%.

- *Provisions* increased by EUR 13 mln from a net release of EUR 15 mln to a net release of EUR 2 mln.

- Net *tax* credits increased by EUR 5 mln to a net tax credit of EUR 25 mln.

- *Net operating income* increased by EUR 19 mln to EUR 19 mln.

- *Discontinued operations* were EUR 197 mln in the second quarter of 2007. This compares with EUR 352 mln in the first quarter of 2007. Both quarters included the results from the discontinued operations of LaSalle, and the first quarter also included two months of results, of EUR 17 mln, from the discontinued AAMG operations as well as the gain on the sale of AAMG. The gain on the sale of AAMG was reported as EUR 97 mln in the first quarter of 2007. In the second quarter of 2007 an adjustment for transaction-related expenses of EUR 4 mln was booked, leading to an adjusted book gain on the sale of AAMG of EUR 93 mln.

  The commercial banking operations of LaSalle saw net interest income decline by 4% as the low growth in deposit volumes and essentially flat loan volumes were offset by lower spreads. LaSalle's retail operations realised a significant increase in operating profit on the back of revenue growth and lower expenses. Retail revenues improved by 3%, mainly on the back of growth in core deposits and fee income, the positive impact of which more than offset a small decline in loan volumes at lower spreads.

- *Profit for the period* decreased by 37.0% to EUR 216 mln.

The BU Latin America

(in millions of euros)	year to date				quarterly						
	2007	2006	% change	% change [1]	Q2 2007	Q1 2007	% change	% change [1]	Q2 2006	% change	% change [1]
Net interest income	1,744	1,477	18.1	18.5	918	826	11.1	6.9	741	23.9	18.5
Net fees and commissions	251	262	(4.2)	(2.7)	111	140	(20.7)	(22.9)	111	0.0	(2.9)
Trading income / results fin. trans.	233	98	137.8	129.7	180	53			45		
Results from equity holdings	22	36	(38.9)	(38.6)	12	10	20.0	16.0	23	(47.8)	(50.0)
Other operating income	37	26	42.3	43.5	16	21	(23.8)	(28.6)	14	14.3	5.7
Total operating income	2,287	1,899	20.4	20.6	1,237	1,050	17.8	13.2	934	32.4	26.5
Total operating expenses	1,234	1,129	9.3	9.6	650	584	11.3	7.3	559	16.3	11.5
Operating result	1,053	770	36.8	36.7	587	466	26.0	20.6	375	56.5	48.9
Loan impairment	436	381	14.4	15.1	246	190	29.5	24.3	208	18.3	12.8
Operating profit before tax	617	389	58.6	57.8	341	276	23.6	18.1	167	104.2	93.9
Income tax expense	235	85	176.5	154.6	136	99	37.4	20.3	(5)		
Profit for the period	382	304	25.7	30.7	205	177	15.8	16.8	172	19.2	28.8
Efficiency ratio	54.0%	59.5%			52.5%	55.6%			59.9%		

1) % change at constant foreign exchange rates (see annex 2)

	30 Jun 07	30 Jun 06	% change	31 Mar 07	% change	31 Dec 06	% change
Staff (FTE)	29,467	27,522	7.1	28,912	1.9	28,205	4.5
(in billions of euros)							
Total assets	49.2	35.0	40.6	44.6	10.3	39.4	24.9
Risk-weighted assets	28.6	23.0	24.3	25.9	10.4	24.2	18.2

As of 1 January 2007, the BU Latin America (BU LA) includes the Global Clients Latin America activities. The 2006 results have been restated accordingly.

Please note that all comparisons below are at constant exchange rates (percentages as in the table above) in order to facilitate comparison.

First half 2007 compared with first half 2006

- *Total operating income* increased by 20.6%, driven by continued strong growth of the Brazil loan portfolio, gains in the ALM portfolio, as well as a EUR 48 mln (EUR 31 mln net) gain on the sale of a 3.64% stake in Brazilian credit analysis provider Serasa. Excluding the Serasa gain, operating income increased by 18.2%. Strong loan growth is expected to continue in the second half of the year.

  The relative contribution from Brazil to total operating income of the BU LA was unchanged at 95%. The macro-economic conditions in Brazil reflect continued stability, a decrease in interest rates, and a strong local currency. In May, Brazil's long-term sovereign credit rating moved to within one notch of an investment grade rating. The results of Banco Real continued to benefit from Brazil's economic strength.

  The Brazilian retail banking line of business, which comprises households and SMEs, grew by 18%, fuelled by a 30% increase in the retail loan portfolio at lower net interest margins. The decline in overall retail net interest margins was the result of lower margins in both households and SMEs, as well as the fact that growth in the SME portfolio was higher than in the higher margin households portfolio. Average balances in the SME credit portfolio, which accounted for 51% of the total retail loan portfolio, grew by 37%. Average balances in the households loan portfolio, which accounted for 49% of the total retail loan portfolio, increased by 24%, supported by the introduction of new credit products and refined credit analysis tools.

  Total operating income of the Aymoré consumer finance activities was impacted by a EUR 26 mln second quarter recognition of origination commissions paid. Excluding this impact on commissions, Aymoré saw revenues increase by 8% on the back of continued strong loan growth that was partly offset by a decline in net interest margins. Origination costs continued to go up in an increasingly competitive market.

  Commercial banking, including the results formerly reported under Global Clients, realised revenue growth of 29% mainly on the back of accelerated loan growth and investment banking activities.

- *Total operating expenses* increased by 9.6%, partly reflecting the impact of the new collective labour agreement (CLA) that came into effect in September 2006, as well as higher bonus accruals. Excluding the Services charge in the second quarter of 2006 of EUR 12 mln (EUR 8 mln net), total operating expenses increased by 10.8%.

- *The operating result* improved by 36.7% and the efficiency ratio improved by 5.5 percentage points to 54.0%. Excluding the Serasa gain and the 2006 Services charge of EUR 12 mln (EUR 8 mln net), the operating result improved by 28.8% and the efficiency ratio improved by 3.7 percentage points to 55.1%.

- *Provisions* increased by 15.1% to EUR 436 mln, equivalent to 329 basis points of average RWA, reflecting continued strong loan growth.

- *Operating profit before tax* grew by 57.8%. Excluding the Serasa gain and the 2006 Services charge, the increase in operating profit before tax was 41.8%.

- The effective *tax* rate increased by 16.2 percentage points to 38.1%, as 2006 tax credits did not recur. The appreciation of the Brazilian real relative to the US dollar led to a hedge-related tax charge of EUR 51 mln compared with a hedge-related tax charge of EUR 36 mln in the first half of 2006.

- *Profit for the period* grew by 30.7% to EUR 382 mln.

Second quarter 2007 compared with first quarter 2007

- *Total operating income* of the BU LA increased by 13.2%, on the back of continued strong growth in the Brazilian retail loan portfolio, improved margins, gains on the sale of securities, and the Serasa book gain. Excluding the Serasa gain, total operating income grew by 8.9%.

  The operating income of the Brazilian retail banking line of business increased by 9% on the back of 5% growth of the overall retail loan portfolio at improved margins, and because growth in the households portfolio was higher than in the lower margin SME portfolio. The households loan portfolio grew by 7%, while the SME loan portfolio saw an increase of 3%.

  Total operating income of the Aymoré consumer finance activities was impacted by a EUR 26 mln second quarter recognition of origination commissions paid. Excluding this impact on commissions, Aymoré saw revenues increase by 8% on the back of continued strong loan growth, partly offset by increased origination costs.

  Commercial banking revenues grew by 23% driven by sustained loan growth.

- *Total operating expenses* increased by 7.3%, partly as a result of higher performance-related bonuses.

- *The operating result* increased by 20.6% and the efficiency ratio improved by 3.1 percentage points to 52.5%. Excluding the Serasa gain, the operating result improved by 10.9% and the efficiency ratio improved by 0.9 percentage points to 54.7%.

- *Provisions* increased by 24.3% to EUR 246 mln, equivalent to 360 basis points of average RWA compared with 303 basis points of average RWA reported in the first quarter. The increase was partly due to the fact that the first quarter of 2007 benefited from the sale of a non-performing loan (NPL) portfolio, but also due to higher delinquencies in consumer finance. Excluding the impact of the NPL sales, provisions remained stable in absolute terms. For the second half of 2007, provisions, expressed as a percentage of average RWA, are not expected to come down from the level seen in the second quarter.

- *Operating profit before tax* increased by 18.1%. Excluding the Serasa gain, operating profit before tax grew by 1.7%.

- The effective *tax* rate was 39.9%, an increase of 4.0 percentage points. The further appreciation of the Brazilian real against the US dollar led to a hedge-related tax charge of EUR 30 mln compared with a hedge-related tax charge of EUR 20 mln in the first quarter.

- *Profit for the period* increased by 16.8% to EUR 205 mln.

The BU Asia

(in millions of euros)	year to date				quarterly						
	2007	2006	% change	% change [1]	Q2 2007	Q1 2007	% change	% change [1]	Q2 2006	% change	% change [1]
Net interest income	340	282	20.6	26.8	185	155	19.4	19.8	135	37.0	39.9
Net fees and commissions	499	325	53.5	61.3	290	209	38.8	39.8	158	83.5	88.8
Trading income / results fin. trans.	333	192	73.4	84.3	138	195	(29.2)	(28.1)	109	26.6	33.9
Results from equity holdings	34	44	(22.7)	(19.3)	17	17	0.0	0.0	22	(22.7)	(21.8)
Other operating income	0	29			(4)	4			13		
Total operating income	1,206	872	38.3	45.8	626	580	7.9	8.8	437	43.2	48.0
Total operating expenses	808	652	23.9	29.8	412	396	4.0	4.7	320	28.8	32.3
Operating result	398	220	80.9	93.1	214	184	16.3	17.8	117	82.9	90.8
Loan impairment	109	85	28.2	36.6	56	53	5.7	6.0	49	14.3	18.0
Operating profit before tax	289	135	114.1	128.7	158	131	20.6	22.5	68	132.4	143.2
Income tax expense	65	48	35.4	41.5	41	24	70.8	72.1	25	64.0	68.8
Profit for the period	224	87	157.5	176.9	117	107	9.3	11.4	43	172.1	186.5
Efficiency ratio	67.0%	74.8%			65.8%	68.3%			73.2%		

1) % change at constant foreign exchange rates (see annex 2)

	30 Jun 07	30 Jun 06	% change	31 Mar 07	% change	31 Dec 06	% change
Staff (FTE)	17,738	12,809	38.5	15,354	15.5	14,141	25.4
(in billions of euros)							
Total assets	80.2	72.5	10.6	75.2	6.6	69.8	14.9
Risk-weighted assets	17.9	16.0	11.9	18.3	(2.2)	16.5	8.5

As of 1 January 2007, the BU Asia includes the Global Clients Asia activities. The 2006 results have been restated accordingly.

First half 2007 compared with first half 2006

The year-on-year comparison of operating income and profit was positively impacted by the fair-market value changes of the stake in Korean Exchange Bank (KEB) (a positive EUR 30 mln in the first half of 2007 and a negative EUR 20 mln in the first half of 2006). Although the fair-market value change is a part of regular income, it creates substantial volatility in income.

- *Total operating income* increased by 38.3%, or EUR 334 mln, to EUR 1,206 mln, driven by strong growth in consumer and commercial banking.

  Consumer revenues grew by 24.8%, driven by continued growth of the Van Gogh Preferred Banking (VGPB) and credit card businesses. VGPB growth was particularly strong in Singapore, Hong Kong, China and Taiwan. Total Assets under Administration (AuA) of VGPB clients in Asia grew by 20.5%. The operating income also improved due to significant growth in the Consumer Finance business. In particular, the credit card business in Indonesia and the United Arab Emirates (UAE) and the overall Consumer Finance business in India showed strong improvements. The total number of credit cards in Asia increased by 12.3% to 2.9 mln.

  The commercial business showed exceptional growth of 64.5%, driven by significant M&A and Equity Capital Markets (ECM) transactions executed in the Philippines, Australia, Malaysia, the UAE and Hong Kong. The Global Markets business continued its strong growth, notably via the ATV equity-linked transaction closed in June. In addition, cash management within Transaction Banking and the Commercial SME and FIPS growth initiatives are gaining momentum and are growing at healthy rates.

  China and India are two of the BU Asia's key countries and are a major focus of our growth efforts:

  In China, revenue increased by 75.8%, showing that our recent investments are indeed leading to growth in revenues. In the Consumer business, VGPB revenues grew by 83.8% and AuA increased by 111.0% from last year. The Commercial business saw steady growth in its loan portfolio, and experienced higher interest margins and higher commission income as a result of increasing asset sizes.

  India continued its strong performance this year, as revenues grew by over 39.1% in the first half of 2007. Consumer revenues grew by 53.9%, primarily due to continued growth in the credit card and personal loan portfolios, complemented by aggressive growth in deposit accounts and distribution of third-party mutual funds and insurance products. The Commercial business continued to show strong growth, riding on a healthy deal pipeline and on an annuity business with more than 3,000 SME and large corporate clients. Highlights include the closing of landmark deals in M&A advisory (Tata-Corus, Suzlon-Repower), ECM (Cairns IPO) and Corporate Banking mandates (Cadbury). The microfinance business in India continued to be a huge success as it now reaches 460,000 households through 27 microfinance institutions across 17 states in India.

- *Total operating expenses* increased by 23.9% to EUR 808 mln as a result of continued investments in new branches, new staff hirings and increased bonus accruals in line with increased revenues. Since the end of the second quarter 2006, we have opened 13 branches across China, India and Pakistan bringing the total number of branches in Asia to 83, and to 152 including the Prime Bank acquisition.

- *The operating result* improved by 80.9% to EUR 398 mln. The efficiency ratio improved from 74.8% in the first half of 2006 to 67.0% in the first half of 2007.

- *Provisioning* increased by EUR 24 mln to EUR 109 mln reflecting strong growth in the consumer finance businesses, particularly in India and Indonesia. We are seeing continued improvement in Taiwan.

- *Profit for the period* increased by 157.5% to EUR 224 mln.

Second quarter 2007 compared with first quarter 2007

The quarter-on-quarter comparison of operating income and profit was negatively impacted by the fair-market value changes of the stake in KEB (a loss of EUR 23 mln in the second quarter of 2007 and a gain of EUR 53 mln in the first quarter of 2007).

- *Total operating income* increased by 7.9% driven primarily by strong M&A, ECM and Global Markets revenues. Excluding the fair-market value change of KEB, operating income increased 23.1%.

  The consumer business grew by 16.3%, mainly due to strong performances in Greater China, Singapore, India and UAE. In particular, the VGPB businesses in Greater China, Singapore and India and the credit card businesses in India and UAE are showing strong growth.

  The commercial business grew by 38.8% quarter-on-quarter, driven by M&A, ECM and Global Markets revenues. Global Markets continued to show strong revenue momentum on the back of high volumes throughout the Asian equity markets as shown by the ATV equity-linked transaction in June. Commercial SME revenues were up by 100.0% from the first quarter as the build-out in Singapore, Hong Kong, China and Pakistan is gaining traction, while India and Taiwan continue to grow at a healthy rate.

- *Total operating expenses* increased by 4.0%, primarily driven by new staff hirings and investments to support future growth across the region.

- *The operating result* increased by 16.3% to EUR 214 mln.

- *Provisioning* increased by EUR 3 mln to EUR 56 mln, primarily driven by a EUR 6 mln increase in IBNI provisions.

- *Profit for the period* increased by 9.3% to EUR 117 mln.

Recent developments

On 3 July 2007, ABN AMRO inaugurated ABN AMRO Bank (China) Co., Ltd, the locally incorporated entity of the bank in China, headquartered in Shanghai, after having recently received approval from the China Banking Regulatory Commission for local incorporation in China. This will facilitate ABN AMRO's ambitious growth and expansion plans into RMB-denominated banking services in China. To support this growth, ABN AMRO has more than tripled its registered share capital to RMB 4 bln from RMB 1.3 bln.

On 8 June 2007, ABN AMRO announced that it would acquire the branch network of Taitung Business Bank in Taiwan following a government auction. The acquisition will add significant scale to ABN AMRO's Taiwan franchise where it is already a top three foreign bank. Under the terms of the sale, ABN AMRO is entitled to relocate the majority of 32 branches to prime locations for its mass affluent and SME client base. After closure of the acquisition, the total number of branches in Taiwan will be 37.

Update on the integration of Prime Bank (Pakistan)
We have made considerable progress on the Prime Bank integration, achieving key milestones as scheduled, in particular in the IT, Finance, Communication, HR and Compliance areas. The amalgamation

date, subject to final regulatory approvals, is scheduled for 1 September 2007. Starting from that date, the two banks are expected to operate as a single organisation in Pakistan.

The BU Private Clients

(in millions of euros)	year to date				quarterly						
	2007	2006	% change	% change [1]	Q2 2007	Q1 2007	% change	% change [1]	Q2 2006	% change	% change [1]
Net interest income	242	257	(5.8)	(5.3)	123	119	3.4	3.7	128	(3.9)	(3.4)
Net fees and commissions	343	307	11.7	13.1	175	168	4.2	4.6	146	19.9	21.4
Net trading income	37	36	2.8	2.5	17	20	(15.0)	(14.5)	27	(37.0)	(37.0)
Other operating income	119	34			99	20			13		
Total operating income	741	634	16.9	18.4	414	327	26.6	27.6	314	31.8	34.1
Total operating expenses	457	455	0.4	1.4	233	224	4.0	4.4	226	3.1	4.0
Operating result	284	179	58.7	61.6	181	103	75.7	77.9	88	105.7	111.6
Loan impairment	(3)	10			0	(3)			9		
Operating profit before tax	287	169	69.8	72.9	181	106	70.8	72.8	79	129.1	135.7
Income tax expense	61	48	27.1	27.7	31	30	3.3	3.7	23	34.8	36.1
Profit for the period	226	121	86.8	90.8	150	76	97.4	100.1	56	167.9	176.6
Efficiency ratio	61.7%	71.8%			56.3%	68.5%			72.0%		

1) % change at constant foreign exchange rates (see annex 2)

	30 Jun 07	30 Jun 06	% change	31 Mar 07	% change	31 Dec 06	% change
Staff (FTE)	3,081	3,026	1.8	3,140	(1.9)	3,212	(4.1)
(in billions of euros)							
Assets under Administration	150	133	12.8	148	1.4	142	5.6
Total assets	19.2	18.5	3.8	19.2	0.0	18.6	3.2
Risk-weighted assets	8.3	8.0	3.8	8.1	2.5	7.7	7.8

Please note that from 1 January 2007 the results from the former International Diamonds & Jewellery Group are reported in Group Functions, and the results from Asset Management France are reported in the BU Asset Management. For the purpose of comparison, the 2006 results have been restated. As from 1 January 2007, the BU Private Clients includes the results of Vermogensgroep, the acquisition of which was completed in November 2006.

In the second quarter of 2007, ABN AMRO completed the sale of its Latin American Private Banking operations in Miami and Uruguay, including the Latin American portfolios in Switzerland and Luxembourg, to Itausa, the Brazilian holding company that has a controlling stake in Banco Itaú Financeira S.A., for a book profit of EUR 77 mln gross (EUR 72 mln net). Furthermore, the BU Private Clients successfully continued its organic growth expansion plans in core countries, marked by the opening of the first Private Clients branch in Rio de Janeiro, Private Clients' second branch in Brazil.

First half 2007 compared with first half 2006

- *Total operating income* increased by 16.9% to EUR 741 mln. Excluding the gain on the sale mentioned above, total operating income increased by 4.7%. This was mainly driven by an 11.7% increase in net fees and commissions as a result of higher volumes in non-interest related products, such as stocks, investment funds and structured products. This is the result of continued focus on shifting the asset mix towards more profitable products.

  These positive results were partly offset by a 5.8% decrease of net interest income to EUR 242 mln, due to strong pressure on margins as a result of high interest rates, particularly in the special savings account product.

  Furthermore, we see strong revenue increases in our growth markets such as Asia and Brazil, as a result of continued investments.

- *Total operating expenses* were flat at EUR 457 mln, as a result of better cost management across all the regions. Lower costs in Western Europe were offset by investments in growth markets.

- *The operating result* increased by 58.7%. Excluding the gain on the sale mentioned above, the operating result increased by 15.6% to EUR 207 mln.

- *Provisions* decreased by EUR 13 mln to a net release of EUR 3 mln due to a release of IBNI provision.

- *Profit for the period* increased by 86.8%. Excluding the gain on the sale mentioned above, profit for the period increased by 27.3% to EUR 154 mln.

- *Assets under Administration* increased from EUR 133 bln at the end of June 2006 to EUR 150 bln at the end of June 2007, mainly reflecting higher net asset values due to improved financial markets, net new assets inflow and the inclusion of Vermogensgroep (EUR 3.6 bln). The sale of the operations in Miami and Uruguay had a negative impact of EUR 2.4 bln.

Second quarter 2007 compared with first quarter 2007

- *Total operating income* increased by 26.6%. Excluding the gain on the sale mentioned above, operating income increased by 3.1% to EUR 337 mln, predominantly driven by an increase in commissions due to higher performance and brokerage fees.

- *Total operating expenses* increased by 4.0% to EUR 233 mln as a result of investments in the expansion of the businesses in the Netherlands and in growth areas in Asia and Brazil.

- *The operating result* increased by 75.7%. Excluding the gain on the sale mentioned above, the operating result was flat at EUR 104 mln.

- *Profit for the period* increased by 97.4%. Excluding the gain on the sale mentioned above, profit for the period increased by 2.6% to EUR 78 mln.

- *Assets under Administration* increased from EUR 148 bln at the end of March 2007 to EUR 150 bln at the end of June 2007 despite the sale of the operations in Miami and Uruguay.

The BU Asset Management

(in millions of euros)	year to date				quarterly						
	2007	2006	% change	% change [1]	Q2 2007	Q1 2007	% change	% change [1]	Q2 2006	% change	% change [1]
Net interest income	(7)	(10)			(3)	(4)			(6)		
Net fees and commissions	460	390	17.9	18.4	241	219	10.0	10.5	210	14.8	14.7
Net trading income	1	4			(1)	2			0		
Other operating income	31	32	(3.1)	0.0	17	14	21.4	22.1	2		
Total operating income	485	416	16.6	17.3	254	231	10.0	10.5	206	23.3	23.4
Total operating expenses	316	269	17.5	18.4	165	151	9.3	9.7	137	20.4	20.9
Operating profit before tax	169	147	15.0	15.4	89	80	11.3	11.9	69	29.0	28.4
Income tax expense	43	39	10.3	10.0	21	22	(4.5)	(4.5)	23	(8.7)	(10.0)
Profit for the period	126	108	16.7	17.3	68	58	17.2	18.1	46	47.8	47.6
Efficiency ratio	65.2%	64.7%			65.0%	65.4%			66.5%		

1) % change at constant foreign exchange rates (see annex 2)

	30 Jun 07	30 Jun 06	% change	31 Mar 07	% change	31 Dec 06	% change
Staff (FTE)	1,846	1,730	6.7	1,837	0.5	1,630	13.3
(in billions of euros)							
Assets under Management	211	180	17.2	209	1.0	193	9.3
Total assets	1.6	1.2	33.3	1.7	(5.9)	1.4	14.3
Risk-weighted assets	1.0	0.5	100.0	0.9	11.1	0.9	11.1

Please note that the results from Asset Management France (previously included in the BU Private Clients) were transferred to the BU Asset Management as from the start of 2007. For the purpose of comparison, the 2006 figures have been restated.

First half 2007 compared with first half 2006

Please note that the comparisons below are affected by the EUR 28 mln (gross and net) gain on the sale of the Asset Management operations in Curacao, completed in the first quarter of 2006.

- *Total operating income* increased by 16.6% to EUR 485 mln. Excluding the gain on the sale mentioned above, total operating income increased by 25.0%, mainly due to increased net fees and commissions.

  The 17.9% increase in commission income was related to the higher Asset under Management (AuM) levels, higher performance fees and higher fee levels on existing products. A continuous and successful focus on tailored solutions for our clients also resulted in a shift in the asset mix towards more profitable products. In addition, returns on seed capital positions, which are reported in the other operating income line, were considerably higher than in 2006, contributing to the overall improvement in revenues.

- *Total operating expenses* increased by 17.5% to EUR 316 mln, mainly due to higher personnel costs and bonus accruals.

- *Operating profit before tax* increased by 15.0%. Excluding the gain on the sale mentioned above, the operating profit before tax increased by 42.0% and the efficiency ratio improved by 4.1 percentage points to 65.2%.

- *Profit for the period* increased by 16.7% to EUR 126 mln. Excluding the gain on the sale mentioned above, profit for the period increased by 57.5%.

Second quarter 2007 compared with first quarter 2007

- *Total operating income* increased by 10.0% to EUR 254 mln. This result was mainly due to higher fees and commissions, which increased by EUR 22 mln, driven by higher AuM growth and performance fee income, as core products showed continued improved performance.

- *Total operating expenses* increased by 9.3% to EUR 165 mln mainly driven by higher personnel costs.

- The *operating profit before tax* increased by 11.3% to EUR 89 mln from EUR 80 mln. The efficiency ratio improved by 0.4 percentage points to 65.0%.

- *Profit for the period* increased by 17.2% to EUR 68 mln.

Assets under Management

As at 30 June 2007, Assets under Management (AuM) amounted to EUR 210.6 bln compared with EUR 208.7 bln at the end of March 2007. This change in AuM can be explained by EUR 2.7 bln in net outflows and EUR 3.7 bln market appreciation along with positive currency effects of EUR 0.9 bln. The AuM level at Artemis continued to grow strongly. The asset mix is stable compared with the first quarter of 2007 with 46% equities, 36% fixed income and 18% cash and other.

The BU Private Equity

(in millions of euros)	year to date			quarterly					
	2007 [1]	2006 [1]	% change	Q2 2007	Q2 2007 [1]	Q1 2007 [1]	% change	Q2 2006 [1]	% change
Net interest income	18	7	157.1	(84)	6	12	(50.0)	1	
Net fees and commissions	3	6	(50.0)	0	0	3		(1)	
Results from fin. transactions	282	249	13.3	168	184	98	87.8	154	19.5
Other operating income	3	9	(66.7)	12	3	0		(11)	
Net sales private equity holdings	0	0		1,390	0	0		0	
Total operating income	306	271	12.9	1,486	193	113	70.8	143	35.0
Operating expenses	51	49	4.1	328	27	24	12.5	14	92.9
Goods and materials priv. equity holdings	0	0		979	0	0		0	
Total operating expenses	51	49	4.1	1,307	27	24	12.5	14	92.9
Operating result	255	222	14.9	179	166	89	86.5	129	28.7
Loan impairment	0	20		0	0	0		5	
Operating profit before tax	255	202	26.2	179	166	89	86.5	124	33.9
Income tax expense	(20)	(26)		3	(10)	(10)		(12)	
Profit for the period	275	228	20.6	176	176	99	77.8	136	29.4

1) all figures exclude the consolidation effect of controlled non-financial investments (see annex 2)

	30 Jun 07	30 Jun 06	% change	31 Mar 07	% change	31 Dec 06	% change
Staff (FTE)	83	105	(21.0)	85	(2.4)	93	(10.8)
(in billions of euros)							
Risk-weighted assets	2.5	2.4	4.2	2.4	4.2	2.4	4.2

As announced with the first quarter 2007 results, ABN AMRO transferred, at the end of the second quarter, the investment management function of most of the businesses of the BU Private Equity (BU PE) to an independent management company with the objective to invest in mid-market buy-out opportunities in the Dutch, UK and Nordic markets. ABN AMRO sold the majority of the shares in this management company to the respective members who now have independent operational and commercial authority over all its activities. Concurrently, ABN AMRO made a long-term commitment to fund the ongoing investment programme of the management company. The ownership of the existing investments and therefore the economic interest in these investments has not changed.

Under International Financial Reporting Standards (IFRS), the income statements and balance sheets of companies in which the Group has a controlling interest are consolidated. As a result of the above-mentioned structural change in control within BU PE, the portfolio of investments managed by the independent management company will no longer be consolidated as of the next quarter, but instead will be carried at fair value with value changes directly impacting the profit and loss account. The investments have been revalued to fair value at the end of the second quarter. The step-up to fair value amounted to EUR 108 mln.

The BU PE operates through two lines of business (LoB): the Buy-out LoB and the Corporate Investments LoB.

In the second quarter of 2007, the BU PE made a total of EUR 104 mln of new investments, primarily in the Buy-out LoB. The BU PE also executed a number of divestments and refinancings, also primarily in the Buy-out LoB, for a total amount of EUR 114 mln in gross proceeds.

As a result of investments, divestments, fair value changes of EUR 70 mln, and EUR 13 mln of currency and other effects, the value of the portfolio of the BU PE increased from EUR 2,213 mln to EUR 2,286 mln. At the end of the second quarter, the BU PE's portfolio consisted of EUR 1,803 mln of buy-out investments, EUR 443 mln of Corporate Investments and EUR 40 mln of listed shares. The portfolio managed by the Corporate Investment business on behalf of the BU Netherlands increased from EUR 116 mln to EUR 119 mln.

Please note that the results analysis below is based on figures excluding the consolidation effect of controlled investments, whereby uncontrolled investments are held at fair-market value and controlled investments are held at such investment's net asset value plus goodwill.

First half 2007 compared with first half 2006

- *Total operating incom*e increased by 12.9% to EUR 306 mln, mainly due to the loss of control over the management company and the resulting loss of control over the investments, resulting in the recording of a fair value step-up of EUR 108 mln as described above.

- *Total operating expenses* increased by EUR 2 mln to EUR 51 mln. This was mainly due to higher accrual for incentive compensation and provisions taken for reorganising the strategic focus of the BU PE.

- *The operating result* increased by EUR 33 mln to EUR 255 mln.

- *Provisions* decreased by EUR 20 mln to zero.

- *Profit for the period* increased by EUR 47 mln to EUR 275 mln.

Second quarter 2007 compared with first quarter 2007

- *Total operating income* increased by EUR 80 mln to EUR 193 mln, as a result of higher unrealised fair-market value step ups of the investment portfolio (resulting from the transfer of the management function as described above) of EUR 108 mln being partly offset by lower realised returns from exited consolidated investments.

- *Total operating expenses* increased by EUR 3 mln to EUR 27 mln, due to higher staff costs.

- *The operating result* increased by EUR 77 mln to EUR 166 mln.

- *Profit for the period* increased by EUR 77 mln to EUR 176 mln.

Group Functions, including Services

(in millions of euros)	year to date			quarterly				
	2007	2006	% change	Q2 2007	Q1 2007	% change	Q2 2006	% change
Net interest income	(313)	29		(207)	(106)		(18)	
Net fees and commissions	114	49	132.7	129	(15)		21	
Net trading income	4	138		(37)	41		59	
Results from fin. transactions	70	0		(45)	115		(14)	
Results from equity holdings	51	27	88.9	20	31	(35.5)	20	
Other operating income	3	221		0	3		213	
Total operating income	(71)	464		(140)	69		281	
Total operating expenses	661	225	193.8	194	467	(58.5)	118	64.4
Operating result	(732)	239		(334)	(398)		163	
Loan impairment	(8)	10		(10)	2		9	
Operating profit before tax	(724)	229		(324)	(400)		154	
Income tax expense	(210)	(47)		(94)	(116)		(71)	
Net operating income	(514)	276		(230)	(284)		225	
Discontinued operations (net)	3	(36)		11	(8)		(13)	
Profit for the period	(511)	240		(219)	(292)		212	

	30 Jun 07	30 Jun 06	% change	31 Mar 07	% change	31 Dec 06	% change
Staff (FTE)	3,128	4,649	(32.7)	3,541	(11.7)	4,524	(30.9)
(in billions of euros)							
Total assets	71.7	82.0	(12.6)	70.0	2.4	74.5	(3.8)
Risk-weighted assets	4.7	8.0	(41.3)	4.9	(4.1)	(0.1)	

Note: staff, total assets and risk-weighted assets are including discontinued operations

Please note that as from 1 January 2007, Group Functions includes the results from the International Diamonds & Jewellery Group (ID&JG). For the purpose of comparison, the 2006 figures have been restated.

Please find below the major items in the first half of 2006 and the first half of 2007 that affected the results:

Half year 2006	**Gross (EUR mln)**	**Net (EUR mln)**
Gain from sale stake K&H Bank (Q2; income)	208	208
Services release (Q2; expenses)	(23)	(15)

Half year 2007	**Gross (EUR mln)**	**Net (EUR mln)**
DOJ provision (Q1; expenses)	365	275
Transaction related advisory fees (Q2; expenses)	81	60

The Futures business was sold to UBS in the third quarter of 2006. In the first half of 2006, the Futures business contributed EUR 118 mln in operating income and EUR 84 mln in operating expenses.

First half 2007 compared with first half 2006

- *Total operating income* decreased by EUR 535 mln to a negative EUR 71 mln. Excluding the gain on the sale of K&H and the income contribution of the Futures business, operating income decreased by EUR 209 mln. The fall can largely be explained by lower Asset & Liability Management (ALM) income and lower proprietary trading results for the Global Markets activities reported in Group Functions. The lower ALM income was due to higher funding costs as a result of higher euro and US dollar interest rates, lower returns on the investment portfolio as a result of the flattening yield curve, and marked-to-market losses on capital and risk hedging (CDS portfolio) as the result of credit spreads tightening.

- *Total operating* expenses increased by EUR 436 mln to EUR 661 mln. Excluding the items mentioned above (including the expenses of the Futures business in the first half of 2006), operating expenses increased by EUR 51 mln. Staff numbers declined by 1,521 FTEs due to the transfer of part of the audit, risk and compliance functions to the regions and as a result of reductions related to the measures, announced in 2006, aimed at improving the efficiency and productivity of Group Functions.

- *The operating result* decreased by EUR 971 mln to a negative EUR 732 mln. Excluding the items mentioned above (including the operating result of the Futures business in the first half of 2006), the operating result decreased by EUR 260 mln.

- *Provisioning* decreased by EUR 18 mln to a release of EUR 8 mln.

- *Tax expenses* declined by EUR 163 mln to a net credit of EUR 210 mln.

- *Discontinued operations* include certain revenues and expenses, largely stranded costs, related to the sale of LaSalle.

- *Profit for the period* decreased by EUR 751 mln to a loss of EUR 511 mln. Excluding the items mentioned above (including the profit of the Futures business in the first half of 2006), profit for the period decreased by EUR 166 mln.

Second quarter 2007 compared with first quarter 2007

- *Total operating income* decreased by EUR 209 mln to a negative EUR 140 mln, mainly due to lower ALM results and lower proprietary trading results. The lower ALM income was due to higher funding costs as a result of higher euro and US dollar interest rates and lower returns on the investment portfolio as a result of the flattening yield curve.

- *Total operating expenses* decreased by EUR 273 mln to EUR 194 mln. Excluding the EUR 365 mln provision for the DOJ settlement in the first quarter and EUR 81 mln transaction-related advisory fees in the second quarter, expenses increased by EUR 11 mln.

- *The operating result* increased by EUR 64 mln to a negative EUR 334 mln. Excluding the expense items mentioned above, the operating result decreased by EUR 220 mln.

- *Provisioning* decreased by EUR 12 mln to a release of EUR 10 mln.

- *Tax expenses* turned from a net credit of EUR 116 mln in the first quarter to a net credit of EUR 94 mln in the second quarter.

- *Net operating income* increased by EUR 54 mln to a negative EUR 230 mln. Excluding the items mentioned above, net operating income decreased by EUR 161 mln.

- *Discontinued operations* include certain revenues and expenses related to the financing and real estate transactions of the LaSalle business that are part of the Purchase and Sale Agreement by and between ABN AMRO and Bank of America. Global overhead charges allocated to LaSalle that continue to be incurred by ABN AMRO are included in the operating expenses of the continued operations.

- *Profit for the period* increased by EUR 73 mln to a loss of EUR 219 mln.

Recent developments

In 2006, ABN AMRO announced measures to improve the cost efficiency and productivity in Group Functions. The improvement in operational efficiency will be achieved by focusing on efficiency and productivity that will affect more than 500 FTEs, mainly at head office. In the fourth quarter we took a restructuring charge of EUR 29 mln. The headcount reduction has started in the first quarter and we are on track to deliver the reduction of 500 FTEs.

The BU Global Markets

(in millions of euros)	year to date		
	2007	**2006**	**% change**
Net interest income	325	143	127.3
Net fees and commissions	598	547	9.3
Net trading income	1,813	1,392	30.2
Results from fin. transactions	(25)	18	
Other operating income	11	26	(57.7)
Total operating income	2,722	2,126	28.0
Total operating expenses	1,859	1,675	11.0
Operating result	863	451	91.4
Loan impairment	(1)	9	
Operating profit before tax	864	442	95.5
Income tax expense	134	66	103.0
Profit for the period	730	376	94.1
Efficiency ratio	68.3%	78.8%	

Note: The 2006 figures include the results of the Futures business, which was sold in the third quarter of 2006

The BU Global Markets (BU GM) has returned record revenues for a third consecutive quarter, and a record half year, driven by continued momentum across the franchise (products and regions). This resulted in a market leading 8.1 percentage-point improvement in efficiency ratio for the first half of 2007, excluding the EUR 50 mln (EUR 38 mln net) Services charge booked in the first half of 2006, and an overall contribution to the Group adjusted operating result of 25.8% in the first six months.

- The business is well ahead of the full year 2007 commitment of a 75% efficiency ratio (68.0% in the second quarter of 2007, 68.3% in the first half of 2007)
- All businesses, except proprietary trading, demonstrated outperformance compared with 2006, with results confirming the benefits of a continued shift to a more structured product set, as well as last year's product and geographic participation choices
- Growth has been supported by tight ongoing cost control and reinforced by the further embedding of a high-performance culture
- These factors combined have consolidated the BU Global Markets' significantly improved peer position and leave the business well placed to deliver further gains

First half 2007 compared with first half 2006

- *Total operating income* grew by 28.0% across all business lines and regions reflecting ABN AMRO's global franchise. Proprietary Trading was the only business line with lower revenues. The three principal businesses all delivered record first half revenues:

  Equities: revenues were up by 44% as increased cash and derivative client flows continued to be supported by well-diversified risk taking. Highlights included rapid growth in retail as well as institutional equity derivatives businesses, especially in equity exotics, volatility, equity-linked and Securities Finance.

  Financial Markets: revenues increased by 25%, with the core business performing well, in particular credit and alternatives. Highlights of the second quarter included a second innovative Collateralised Debt Obligation (CDO) of natural catastrophe risk, which demonstrated the close co-ordination of the Credit and Alternatives, Structured Credit Marketing and the Financial Institutions Solutions Groups.

  Structured Finance: revenues rose by 52%, securing a top-two position in European debt. Emerging markets was a clear area of outperformance as the business delivered a series of asset-backed securitisation transactions for clients, closing deals in the second quarter in Brazil, Russia, Turkey and South Africa, among others.

- *Total operating expenses* were up 11.0% at EUR 1,859 mln driven in large part by higher bonus accruals on the back of significantly improved performance. Excluding the Services restructuring charge in 2006, total operating expenses increased by 14.4%.

- *The operating result* improved by 91.4% to EUR 863 mln. Excluding the Services restructuring charge, the operating result improved by 72.3%. The contribution of the BU GM to the Group's adjusted operating result increased from 17.3% in the first half of 2006 to 25.8% in the first half of 2007.

  The efficiency ratio improved by 11 percentage points to 68.3%. Excluding the Services restructuring charge, the efficiency ratio improved by 8.1 percentage points. The BU GM is already meeting its targeted efficiency ratio of 75% in 2007, despite the current corporate context.

- *Provisions* showed a small release of EUR 1 mln.

- *Taxes* increased by EUR 68 mln to EUR 134 mln.

- *Profit for the period* increased by 94.1% to EUR 730 mln.

Continued investment in our market leading units, combined with a demonstrated ability to execute the necessary remedial actions in lower-performing businesses and a strong pipeline, provide a robust platform for the BU GM going forward despite the current corporate uncertainty.

About the BU Global Markets

Managed as an integrated business, the BU GM encompasses the markets activities of the ABN AMRO Group, comprising Equities, Financial Markets, and Structured Finance. Equities comprise cash and derivatives sales and trading, research and corporate broking (Hoare Govett). Financial Markets covers macro-products (rates and foreign exchange), credit and alternatives, and local markets. Structured Finance includes fixed income origination, structuring and financing (both leveraged and high grade).

The results of the BU GM's Equities, Financial Markets and Structured Finance activities are reported in the regional Client BUs, while proprietary trading is reported in Group Functions.

The BU Global Clients

(in millions of euros)	year to date		
	2007	**2006**	**% change**
Net interest income	328	292	12.3
Net fees and commissions	780	587	32.9
Net trading income	394	294	34.0
Results from fin. transactions	14	1	
Other operating income	(6)	(7)	
Total operating income	1,510	1,167	29.4
Total operating expenses	1,137	994	14.4
Operating result	373	173	115.6
Loan impairment	2	(5)	
Operating profit before tax	371	178	108.4
Income tax expense	45	(2)	
Profit for the period	326	180	81.1
Efficiency ratio	75.3%	85.2%	

As of 1 January 2007 the results of the BU Global Clients (BU GC) are reported in the regional BUs to further drive close cooperation and synergies between the BU GC and the regions. Please note that the operating income of BU GC includes revenues from the sale of Global Markets products to the BU GC client base. This means there is overlap between the operating income of the BU GC and the BU Global Markets.

The BU GC had a very strong first half. It closed a large number of complex structured financial transactions for clients and, according to the Dealogic Investment Banking Strategy Review, is estimated to have grown significantly faster than the industry average. Underlying these results are a higher quality income stream and improvements in the BU GC's cost base and efficiency ratio.

- Total operating income rose 29.4%, outpacing the market
- Record profit for the period of EUR 326 mln exceeded total profit for the full year 2006, and currently represents 13.7% of the overall Group's adjusted profit for the period
- Record increase in M&A and ECM revenues

First half 2007 compared with first half 2006

The comparison below was impacted by the fair-market value adjustments of the stake in Korean Exchange Bank (KEB) (negative EUR 20 mln in 2006 and positive EUR 30 mln in 2007), and the Services restructuring charge of EUR 19 mln (EUR 14 mln net) in the first half of 2006.

- *Total operating income* increased by 29.4% to EUR 1,510 mln. Excluding the fair-market value adjustments of KEB, total operating income increased 24.7%.

  The strong first-half results reflect continued diversification in the product mix from traditional loan products to fee-driven products, which has resulted in strong growth in primary and secondary capital markets products. M&A and ECM related revenues grew by 70%, the biggest increase ever. The first half of 2007 was also marked by several cross-border transactions, resulting from strong client relationships in Brazil, India and China (among others), and often driven by industry knowledge and M&A dialogue. The performance in the Financial Sponsors sector was noteworthy, showing continuing growth in its global market share, despite a reduced size of wallet available in the Netherlands.

  Notable transactions in the first half included:

  In Financial Institutions (FI), ABN AMRO advised on the acquisition by Groupe Banque Populaire of 60.93% of Foncia (listed on Euronext Paris) against a cash payment of EUR 800 mln from the founder and current CEO, and his family holding company. This operation marked Group Banque Populaire's first step into the real estate market while also aligned with the bank's strategy to diversify its product portfolio into non capital-intensive services.

In Telecoms, Media and Technology (TMT), ABN AMRO acted as joint financial adviser to Binariang GSM Sdn Bhd in its acquisition of Maxis Communications Berhad, one of the largest listed companies in Malaysia. The offer valued Maxis at USD 11.7 bln, making it the largest ever corporate transaction in Malaysia, and the second largest telecom acquisition and largest buy-out in Asia (ex-Australia).

In Energy & Resources (E&R), ABN AMRO acted as sole financial adviser and broker, and joint bookrunner, to Iberdrola in the EUR 17.1 bln acquisition of Scottish Power. ABN AMRO was also the mandated lead arranger and joint book runner of the bridge financing facility, which represents a milestone achievement for the Power and Utility sector.

Also in E&R, ABN AMRO, acting as sole lead arranger, successfully priced the largest corporate bond offering ever in Latin America for Petroleos de Venezuela (PDVSA), the fourth largest integrated oil company in the world. This multi-tranche USD 7.5 bln offering positioned our Structured Finance team (which includes capital markets) at the top of the Latin American and Emerging Market league tables.

In Global Industries, ABN AMRO acted as mandated lead arranger and book runner for the Porsche acquisition financing transaction, representing the second largest ever financing raised in the European syndicated loan market, and the largest syndicated facility ever led by ABN AMRO, won on the back of a strong and long standing relationship with Porsche.

These transactions contributed to ABN AMRO ranking 13th in Dealogic's first-half Investment Banking Strategy Review. ABN AMRO was also the fastest-growing bank, with an estimated 47% increase in Global Investment Banking revenues compared with the first half of 2006, versus an industry average of 19%. This performance is particularly notable given ABN AMRO's limited participation in the US capital and advisory markets, the largest in the world.

- *Total operating expenses* increased by 14.4%. Excluding the Services restructuring charge, total operating expenses increased by 16.6%. This increase was mainly due to a higher bonus accrual as a result of higher revenues.

- *The operating result* increased by EUR 200 mln. Excluding the fair-market value adjustments of KEB and the Services restructuring charge, the operating result increased by 61.8% to EUR 343 mln.

- *Provisions* increased by EUR 7 mln to a net charge of EUR 2 mln.

- *Tax* increased by EUR 47 mln to EUR 45 mln. In the first half of 2006, a number of client-driven transactions with positive tax implications resulted in a net tax credit.

- *Profit for the period* increased by EUR 146 mln to EUR 326 mln. Excluding the fair-market value adjustments of KEB and the Services restructuring charge, profit for the period increased by 38.3% to EUR 296 mln.

About the BU Global Clients

Responsibility for the Mergers & Acquisitions and Equity Capital Markets products for all clients of ABN AMRO falls under the BU GC. In line with its mandate to make innovation and product expertise available to the mid-market clients of the regional Client BUs, the BU GC has driven a significant increase in M&A and ECM revenues generated from the regional Client BUs' clients by deploying its own M&A and ECM resources to the regional Client BUs. To fully reflect the value generated by the BU GC, all ECM and M&A revenues, whether generated by regional or large corporate clients, are included in the results of the BU GC as of 1 January 2007. The 2006 results have been restated accordingly.

The five client industry groups served are Financial Institutions (FI); Technology, Media & Telecommunications (TMT); Energy & Resources (E&R); Financial Sponsors and Merchant Banking (FS&MB); and Global Industries (including Automotive, Consumer and Global Industrials).

Annex 1

This is an announcement pursuant to article 9b paragraph 1 of the Dutch Securities Markets Supervision Decree (Besluit toezicht effectenverkeer 1995).

Cautionary statement regarding forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about our beliefs and expectations. Any statement in this announcement that expresses or implies our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates and projections, as they are currently available to the management of ABN AMRO. Forward-looking statements therefore speak only as of the date they are made, and we take no obligation to update publicly any of them in light of new information or future events.
Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual future results to differ materially from those expressed or implied in any forward looking statement. Such factors include, without limitation, the consummation of our proposed merger with Barclays; the conditions in the financial markets in Europe, the United States, Brazil and elsewhere from which we derive a substantial portion of our trading revenues; potential defaults of borrowers or trading counterparties; the implementation of our restructuring including the envisaged reduction in headcount; the reliability of our risk management policies, procedures and methods; the outcome of ongoing criminal investigations and other regulatory initiatives related to compliance matters in the United States and the nature and severity of any sanctions imposed; and other risks referenced in our filings with the US Securities and Exchange Commission. For more information on these and other factors, please refer to Part I: Item 3.D "Risk Factors" in our Annual Report on Form 20-F filed with the US Securities and Exchange Commission and to any subsequent reports furnished or filed by us with the US Securities and Exchange Commission. The forward-looking statements contained in this announcement are made as of the date hereof, and the companies assume no obligation to update any of the forward-looking statements contained in this announcement.

Additional Information

The offer launched by the consortium of Fortis, RBS and Santander is under consideration by the ABN AMRO boards. ABN AMRO will, in the near future but at the latest by August 6, 2007, file with the US Securities and Exchange Commission a Solicitation/Recommendation Statement on Schedule 14D-9 and advise the ABN AMRO shareholders (i) whether it recommends acceptance or rejection of such offer, expresses no opinion and remains neutral toward such offer, or is unable to take a position with respect to such offer and (ii) the reason(s) for its position with respect to such offer. The ABN AMRO boards request the ABN AMRO shareholders to defer making a determination on whether to accept or reject such offer until they have been advised of ABN AMRO's position with respect to the offer.
Barclays has filed with the US Securities and Exchange Commission a Registration Statement on Form F-4 which contains a prospectus. Barclays expects to file with the US Securities and Exchange Commission amendments to such Registration Statement as well as a Tender Offer Statement on Schedule TO and other relevant materials. In addition, ABN AMRO expects that it will file with the US Securities and Exchange Commission a Solicitation/Recommendation Statement on Schedule 14D-9 and other relevant materials. Such documents, however, are not currently available.
INVESTORS ARE URGED TO READ ANY DOCUMENTS REGARDING THE POTENTIAL OFFER IF AND WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.
The publication and distribution of this document and any separate documentation regarding the intended Offer, the making of the intended Offer and the issuance and offering of Barclays ordinary shares may, in some jurisdictions, be restricted by law. This document is not being published and the intended Offer is not being made, directly or indirectly, in or into any jurisdiction in which the publication of this announcement and the making of the intended Offer would not be in compliance with the laws of that jurisdiction. Persons who come into possession of this announcement should inform themselves of and observe any of these restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction.

Annex 2

Use of non-GAAP financial measures

Constant foreign exchange rates

Throughout the discussion of the operating results in the press release, the financial results and performance compared to the prior period, both in euros and percentage terms, are given in euros. We may also, where deemed significant, explain variances in terms of 'constant foreign exchange rates' or 'local currency'. Both 'constant foreign exchange rates' and 'local currency' exclude the effect of currency translation differences and is a non-GAAP financial measure which, unlike actual growth, cannot be derived directly from the information in the financial statements. 'Local currency' performance is measured for single currency volume differences. Management assesses, in part, the underlying performance of our individual businesses by separating foreign exchange translation effects throughout the income statement so as to understand the underlying trend of the business performance. The adjustments relate in particular to the impact of fluctuations in exchange rates used in translating results reported by our BUs North America and Latin America in US dollar and Brazilian real into euros, as well as the various currencies making up BU Asia. Management believes that the exclusion of these items provides a better understanding of the underlying operational performance of our businesses during such periods. Fluctuations in exchange rates are outside of the control or influence of management and may distort the analysis of underlying operating performance of our businesses during the periods under review. External stakeholders, such as business analysts, also use these measures. However, we recognise that these measures should not be used in isolation and, accordingly, we begin our analysis in the press release on the performance of the bank and of the BUs with the comparable GAAP actual growth measures that reflect all the factors that affect our business.
We calculate the comparable constant foreign exchange rate performance by multiplying the local currency volumes over the period to be compared with the average monthly exchange rates of the previous period being compared. For example, the volumes of the year ended 31 December 2006, are multiplied by the average monthly exchange rates of 2005 to compare with the results of the 2005 on a constant basis.

Consolidation effect controlled non-financial investments

IAS 27 requires the consolidation of private equity investments over which we have control, including non-financial investments managed as private equity investments. However, as a practical matter, our private equity business is managed separately from the rest of our banking business and management does not measure the performance of our banking business based on our consolidated results of operations. Our private equity business involves buying equity stakes in unlisted companies over which we can establish influence or control, and managing these shareholdings as an investor for a number of years with a view to selling these with a profit. The companies in which we have these temporary holdings are active in different types of business other than the financial industry. We believe that combining these temporary holdings with our core banking business does not provide a meaningful basis for discussion of our financial condition and results of operations.
In the presentation of the tables in this press release, in order to understand our performance, we have removed the effects of a line-by-line consolidation in the income statement of the private equity holdings of our Business Unit Private Equity. The results excluding the consolidation effect include the 'de-consolidated' holdings based on the equity method. Similarly, in the presentation of our consolidated results of operations and in the segment discussion of our Business Unit Private Equity, we have removed the effects of consolidation of our private equity holdings from the various line items of the income statement and classified only the net operating profit of these investments under 'Results from financial transactions'. The measures excluding the effects of consolidation of our private equity holdings are non-GAAP financial measures. Our management refers to these non-GAAP financial measures in making operating decisions because the measures provide meaningful supplemental information regarding our operational performance. In addition, these non-GAAP financial measures facilitate management's internal comparisons to our historical operating results and comparisons to competitors' operating results. In accordance with applicable rules and regulations, we have presented, and investors are encouraged to review, reconciliations of non-GAAP financial measures to the most comparable GAAP measures, i.e., reconciliations of our results excluding the consolidation effects of our private equity holdings to our results including those effects in this Annex.

The following table provides an overview of the income statement reconciliation of the non-GAAP financial measure 'Group excluding consolidation effect' to 'Group including consolidation effect', the latter being fully compliant with IFRS.

Reconciliation of income statement to Group income statement including consolidation of consolidated non-financial investments

(in millions of euros)	first half year 2007			first half year 2006		
	Group (excl. cons. effect)	cons. effect	Group (incl. cons. effect)	Group (excl. cons. effect)	cons. effect	Group (incl. cons. effect)
Net interest income	4,784	-190	4,594	4,467	-156	4,311
Net fees and commissions	2,872	0	2,872	2,602	0	2,602
Net trading income	1,937	3	1,940	1,479	-2	1,477
Result from financial transactions	628	39	667	320	1	321
Result from equity participations	138	1	139	124	0	124
Other operating income	294	0	294	469	19	488
Net sales private equity holdings	0	2,783	2,783	0	2,634	2,634
Total operating income	10,653	2,636	13,289	9,461	2,496	11,957
Operating expenses	7,690	666	8,356	6,745	610	7,355
Goods & materials private equity holdings	0	1,949	1,949	0	1,855	1,855
Total operating expenses	7,690	2,615	10,305	6,745	2,465	9,210
Operating result	2,963	21	2,984	2,716	31	2,747
Loan impairment	886	0	886	720	0	720
Operating profit before tax	2,077	21	2,098	1,996	31	2,027
Income tax expense	411	21	432	317	31	348
Net operating profit	1,666	0	1,666	1,679	0	1,679
Discontinued operations (net)	554	0	554	573	0	573
Profit for the period	2,220	0	2,220	2,252	0	2,252

Annex 3

ABN AMRO Holding N.V.

Interim Financial Report for the period ended 30 June 2007

Consolidated income statement for the 6 months ended 30 June / 3 months ended 30 June

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
		(in millions of euros)		
Net interest income [4]	4,594	4,311	2,356	2,166
Net fee and commission income [5]	2,872	2,602	1,504	1,310
Net trading income [6]	1,940	1,477	939	654
Results from financial transactions [7]	667	321	314	230
Share of result in equity accounted investments [18]	139	124	70	74
Other operating income [8]	294	488	166	333
Income of consolidated private equity holdings [24]	2,783	2,634	1,390	1,388
Operating income	13,289	11,957	6,739	6,155
Personnel expenses [9]	4,281	3,596	2,183	1,843
General and administrative expenses	3,449	3,195	1,590	1,637
Depreciation and amortisation	626	564	294	289
Goods and materials of consolidated private equity holdings [24]	1,949	1,855	979	1,003
Operating expenses	10,305	9,210	5,046	4,772
Loan impairment and other credit risk provisions [17]	886	720	483	400
Total expenses	11,191	9,930	5,529	5,172
Operating profit before taxes	2,098	2,027	1,210	983
Income tax expense [10]	432	348	264	70
Profit from continuing operations	1,666	1,679	946	913
Profit from discontinued operations net of tax [11]	554	573	210	301
Profit for the period	2,220	2,252	1,156	1,214
Attributable to:				
Shareholders of the parent company	2,165	2,219	1,130	1,216
Minority interests	55	33	26	(2)
Earnings per share attributable to the shareholders of the parent company *(in euros)* [12]				
From continuing operations				
Basic	0.87	0.88	0.50	0.49
Diluted	0.86	0.88	0.50	0.49
From continuing and discontinued operations				
Basic	1.17	1.18	0.61	0.65
Diluted	1.16	1.18	0.61	0.64

Numbers stated against items refer to the notes.

Consolidated balance sheet

	30 June 2007	31 December 2006
	(in millions of euros)	
Assets		
Cash and balances at central banks	14,485	12,317
Financial assets held for trading [13]	248,925	205,736
Financial investments [14]	101,701	125,381
Loans and receivables — banks [15]	183,338	134,819
Loans and receivables — customers [16]	441,904	443,255
Equity accounted investments [18]	1,591	1,527
Property and equipment	3,798	6,270
Goodwill and other intangible assets [19]	7,140	9,407
Assets of businesses held for sale [11]	84,442	11,850
Accrued income and prepaid expenses	9,822	9,290
Other assets	22,913	27,212
Total assets	1,120,059	987,064
Liabilities		
Financial liabilities held for trading [13]	159,709	145,364
Due to banks	254,299	187,989
Due to customers	354,260	362,383
Issued debt securities [20]	191,160	202,046
Provisions	7,951	7,850
Liabilities of businesses held for sale [11]	80,380	3,707
Accrued expenses and deferred income	8,710	10,640
Other liabilities	22,053	21,977
Total liabilities (excluding subordinated liabilities)	1,078,522	941,956
Subordinated liabilities [21]	14,707	19,213
Total liabilities	1,093,229	961,169
Equity		
Share capital	1,085	1,085
Share premium	5,257	5,245
Treasury shares	(2,213)	(1,829)
Retained earnings	19,843	18,599
Net gains not recognised in the income statement	709	497
Equity attributable to shareholders of the parent company	24,681	23,597
Equity attributable to minority interests	2,149	2,298
Total equity	26,830	25,895
Total equity and liabilities	1,120,059	987,064
Credit related contingent liabilities [22]	57,614	51,279
Committed credit facilities [22]	151,607	145,418

Numbers stated against items refer to the notes.

Consolidated statement of changes in equity for the 6 months ended 30 June

	2007	2006
	(in millions of euros)	
Share capital		
Balance at 1 January	1,085	1,069
Dividends paid in shares	-	5
Balance at 30 June	1,085	1,074
Share premium		
Balance at 1 January	5,245	5,269
Share-based payments	70	57
Dividends paid in shares	(58)	(86)
Balance at 30 June	5,257	5,240
Treasury shares		
Balance at 1 January	(1,829)	(600)
Share buy back	(1,241)	(600)
Utilised for dividends paid in shares	412	600
Utilised for exercise of options and performance share plans	445	112
Balance at 30 June	(2,213)	(488)
Retained earnings		
Balance at 1 January	18,599	15,237
Profit attributable to shareholders of the parent company	2,165	2,219
Cash dividends paid	(469)	(420)
Dividends paid in shares	(586)	(458)
Other	134	114
Balance at 30 June	19,843	16,692
Net gains/(losses) not recognised in the income statement		
Currency translation account		
Balance at 1 January	408	842
Transfer to income statement relating to disposals	-	(7)
Currency translation differences	284	(261)
Subtotal — Balance at 30 June	692	574
Net unrealised gains/(losses) on available-for-sale assets		
Balance at 1 January	364	1,199
Net unrealised gains/(losses)	(114)	(849)
Net (gains)/losses reclassified to the income statement	(302)	(154)
Subtotal — Balance at 30 June	(52)	196
Cash flow hedging reserve		
Balance at 1 January	(275)	(795)
Net unrealised gains/(losses)	231	407
Net (gains)/losses reclassified to the income statement	113	51
Subtotal — Balance at 30 June	69	(337)
Net gains/(losses) not recognised in the income statement at 30 June	709	433
Equity attributable to shareholders of the parent company at 30 June	24,681	22,951

Consolidated Statement of changes in equity for the 6 months ended 30 June (continued)

	2007	2006
	(in millions of euros)	
Minority interests		
Balance at 1 January	2,298	1,931
Additions / Reductions	(190)	66
Acquisitions / Disposals	-	19
Profit attributable to minority interests	55	33
Currency translation differences	(18)	(46)
Other movements	4	(39)
Equity attributable to minority interests at 30 June	2,149	1,964
Total equity at 30 June	26,830	24,915

Consolidated Cash Flow Statement for 6 months ended 30 June

	2007	2006
	(in millions of euros)	
Cash flows from operating activities from continuing operations	(146)	(2,027)
Cash flows from operating activities from discontinued operations	(9,254)	(842)
Cash flows from investing activities from continuing operations	(2,738)	(13,967)
Cash flows from investing activities from discontinued operations	9,373	1,264
Cash flow from financing activities from continuing operations	7,761	6,341
Cash flow from financing activities from discontinued operations	(146)	93
Movement in cash and cash equivalents	4,850	(9,138)
Cash and cash equivalents at 1 January	4,872	6,043
Cash and cash equivalents at 30 June	9,722	(3,095)

	2007	2006
Determination of cash and cash equivalents:		
Cash and balances at central banks	15,644	8,588
Loans and receivables – banks	12,724	5,879
Due to banks	(18,646)	(17,562)
Cash and cash equivalents at 30 June	9,722	(3,095)

Notes to the Consolidated Income Statement and Balance Sheet

(unless otherwise stated, all amounts are in millions of euros)

1 Basis of presentation

This interim financial report for the period ended 30 June 2007 is prepared in accordance with IAS 34 – Interim Financial Reporting. It does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of ABN AMRO Holding N.V. for the year ended 31 December 2006 as included in the Annual Report 2006. ABN AMRO's 2006 consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and do not utilise the portfolio hedging carve out permitted by the EU. Accordingly, the accounting policies applied by the Group comply fully with IFRS. In preparing this interim financial report, the same accounting principles and methods of computation are applied as in the consolidated financial statements for the year ended 31 December 2006 except for the changes stated below. In the opinion of management, all adjustments necessary for a fair presentation of the results of operations for the interim periods have been made. This interim financial report is unaudited.

Changes in accounting policies

In the first quarter we have revised the presentation of interest income and expense related to trading activities. Trading book interest is no longer separated out and reported within the net interest income line, but in the net trading income line. Trading income now comprises gains and losses on financial instruments held for trading, both realised and unrealised, interest income and dividends as well as the related funding costs. The change in presentation reflects new guidance available in IFRS 7 *Financial Instruments: Disclosure* which replaces the disclosure requirements previously included in IAS 32 *Financial Instruments: Presentation* whereby the requirements to disclose interest data are now restricted to that relating to activities not held at fair value.

2 Developments

ABN AMRO North America Holding Company

On 22 April 2007, ABN AMRO entered into an agreement to sell ABN AMRO North America Holding Company, which principally consists of the retail and commercial banking activities of LaSalle Bank Corporation ("LaSalle") to Bank of America. ABN AMRO's North American Asset Management businesses and certain businesses within ABN AMRO's North American Global Markets and Global Clients operations do not form part of the sale. On 13 July 2007 the Supreme Court's ruling confirmed management's view that no shareholder approval was required to execute the sale. The sale is expected to close in the fourth quarter of 2007.

Under the sale and purchase agreement the sale price is USD 21 billion. In addition, the sale and purchase agreement articulates that an amount of USD 6 billion of debt, on the basis of the US GAAP financial report of LaSalle, is converted into equity and that ABN AMRO is not entitled to a dividend in respect of the 2007 results. If the cumulative US GAAP result of LaSalle for the period 1 April 2007 until 31 December 2007 (or a proportion thereof if the transaction is settled before the year end), is less than USD 600 million, the sale price will be reduced with the difference.

The asset and liabilities of ABN AMRO North America Holding Company are presented as assets of businesses held for sale and liabilities of businesses held for sale respectively. The net result of these discontinued operations for the period to 30 June 2007 is presented as profit from discontinued operations net of tax. For more details on the presentation of discontinued operations please refer to note 11 of this interim financial report.

The transaction is expected to be settled in the fourth quarter. We currently estimate the gain on the sale to be in the range of EUR 7 billion to EUR 7.5 billion.

ABN AMRO Capital

During the quarter, ABN AMRO sold a majority of the shares of AAC Capital Holdings B.V., the management company of certain private equity investments held by the Group, to the executives of the management company. Also as part of the sale, the Bank transferred all power to govern the financial and operating policies of the management company and all investment decisions related to a significant portion of the Group's private equity investments (the Dutch, Nordic and UK business of ABN AMRO Capital) resulting in the loss of control over these investments to a management company outside of ABN AMRO. The ownership of the underlying investments and therefore the economic interest in the investments has not changed. The loss of control over the management company resulted in the concerned investments to no longer be consolidated in the financial statements of the Group. As of the date of the transaction the investments are recognised and carried at fair value with changes through income. This transaction has resulted in a gain from financial transactions of EUR 108 million.

Update on status of US Department of Justice investigation

As previously disclosed, the United States Department of Justice has been conducting a criminal investigation into the Bank's dollar clearing activities, OFAC compliance procedures and other Bank Secrecy Act compliance matters. The Bank has cooperated and continues to cooperate fully with the investigation. Although no written agreement has yet been reached and negotiations are ongoing, the Bank has reached an agreement in principle with the Department of Justice that would resolve all presently known aspects of the ongoing investigation.

Under the terms of the agreement in principle, the Bank and the United States would enter into a deferred prosecution agreement relating to the issues that are the subject of the current criminal investigation. In the deferred prosecution agreement, the Bank would waive indictment and agree to the filing of an information in the United States District Court charging it with certain violations of federal law based on information disclosed in an agreed factual statement. The Bank would also agree to continue cooperating in the United States' ongoing investigation and to settle all known civil and criminal claims currently held by the United States for the sum of USD 500 million. The precise terms of the deferred prosecution agreement are still under negotiation.

In consideration for the foregoing provisions, as well as the Bank's extensive remedial actions to date and its willingness to demonstrate future good conduct and full compliance with all applicable federal laws, the United States would recommend to the United States District Court that the prosecution of the Bank under the information be deferred for a fixed period. At the end of that fixed period, provided the Bank is in full compliance with all of its obligations under the deferred prosecution agreement, the United States would seek dismissal with prejudice of the information filed against the Bank. The precise terms of the deferred prosecution agreement and agreed factual statement are still under negotiation.

Main acquisitions

Prime Bank Ltd (Pakistan)

On 5 March 2007 ABN AMRO entered into agreements to acquire a controlling interest of 93.4% in Prime Bank, Pakistan. Through the subsequent tender offer for all remaining shares of Prime Bank that expired on 29 March 2007 ABN AMRO obtained additional shares representing 2.8%, bringing the total stake in Prime Bank to 96.2%. The transactions were closed on 5 April 2007. The total consideration paid amounts to EUR 176 million. The provisional goodwill arising from the acquisition was calculated at EUR 163 million.

The preliminary allocation of the purchase price to the assets acquired, including newly identifiable assets resulting from the acquisition, and (contingent) liabilities assumed, using their fair values at the acquisition date and the resulting goodwill is based on provisional fair values of assets acquired and (contingent) liabilities assumed, and may be adjusted during the period up to one year after acquisition as more information is obtained about these fair values.

Private Equity

Major new buy-out investments in the second quarter in 2007 were:
- OyezStraker (UK, stationary and office suppliers)
- Dunlop Aircraft Tyres (UK, aircraft tyre manufacturer)

Major new buy-out investments in the first quarter 2007 were:
- Sdu (Netherlands, publishing)
- Baarsma Wine Group (Netherlands, wine distribution)
- Vetus den Ouden (Netherlands, nautical equipment)
- T.G.I. Friday's Ltd. (UK, restaurants)

Main Disposals

Private Banking operations in Miami and Montevideo

In April 2007, BU Private Banking disposed of its operations in Miami and Montevideo. Banco Itaú, a privately owned bank with its headquarters in Sao Paulo, Brazil, acquired these operations through an auction process. The profit recognised on the sale, included in other operating income, amounted to EUR 72 million after tax.

ABN AMRO Mortgage Group, Inc.

On 28 February 2007 ABN AMRO closed the sale of ABN AMRO Mortgage Group, Inc., its US-based residential mortgage broker origination platform and servicing business, which includes ABN AMRO Mortgage Group, InterFirst and Mortgage.com, to Citigroup. Citigroup purchased approximately EUR 7.8 billion of net assets, of which approximately EUR 2.1 billion consist of ABN AMRO Mortgage Group's mortgage servicing rights associated with its EUR 170 billion mortgage servicing portfolio. The profit on the sale amounted to EUR 93 million after tax and is included in Profit from discontinued operations net of tax (see note 11 for more details).

Private Equity

There were no major divestments in the second quarter 2007.

Major divestment in the first quarter 2007 was:
Holiday Park Ltd. / Beach Equity Ltd. (UK, leisure).

3 Segment reporting

Segment information is presented in respect of the Group's business. The primary presentation, business segments, is consistent with the Group's management and internal reporting structure applicable in the financial year.

Measurement of segment assets, liabilities, income and results is based on the Group's accounting policies. Segment assets, liabilities, income and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Transactions between segments are conducted at arm's length.

As of 1 January 2007, the results of product BU Global Clients are being reported in the regional BUs. This has been done to further drive close cooperation and synergies between the product focused BU Global Clients and the regions. In addition Asset Management France and the International Diamonds and Jewelry Group have been transferred from BU Private Clients to BU Asset Management and Group Functions respectively. The comparative segment figures of 2006 have been restated.

Business segments
Below the business segments are described. In the 'Business review' chapter of the 2006 Annual Report more detailed descriptions of the activities of these segments are included.

Netherlands
BU Netherlands serves a diverse client base that comprises consumer and commercial clients. BU Netherlands offers a broad range of investment, commercial and retail banking products and services via its multi-channel service model consisting of a network of branches, internet banking facilities, a customer contact center and ATMs throughout the Netherlands. BU Netherlands focuses increasingly on mass affluent customers and commercial mid-market clients. BU Netherlands also comprises the ABN AMRO Mortgage Group including the former Bouwfonds mortgage activities.

Europe (including Antonveneta)
BU Europe provides its consumer and commercial clients with a range of financial products and services. BU Europe combines activities in 27 countries: 23 countries in Europe (excluding the Netherlands) along with Kazakhstan, Uzbekistan, Egypt and South Africa.

Antonveneta is rooted in northeastern Italy, and focuses on consumer and commercial mid-market clients.

North America
The core of BU North America is LaSalle Bank, headquartered in Chicago, Illinois. BU North America serves a large number of clients, including small businesses, mid-market companies, larger corporates, institutions, non-profit entities and municipalities in the US and Canada. BU North America offers a broad range of investment, commercial and retail banking products and services through a network of branches and ATMs in Illinois, Michigan and Indiana. BU North America focuses increasingly on mass affluent customers and commercial mid-market clients. While based in the US Midwest, BU North America reaches further through an expanding network of regional commercial banking offices across the US. The activities of ABN AMRO Mortgage Group, Inc. were sold in the first quarter of 2007.

On 22 April 2007, ABN AMRO entered into an agreement to sell ABN AMRO North America Holding Company, which principally consists of the retail and commercial banking activities of LaSalle Bank Corporation ("LaSalle") to Bank of America. For further disclosure on this sale please refer to note 2 and note 11 of this interim financial report.

Latin America
BU Latin America has a presence in nine Latin American countries: Brazil, Argentina, Chile, Colombia, Ecuador, Mexico, Paraguay, Uruguay and Venezuela, with the presence of Banco Real representing the majority of the operations. In Brazil, Banco Real is a retail and commercial bank, offering full retail, corporate and investment banking products and services. It operates as a universal bank offering financial services through an extensive network of branches, points-of-sale and ATMs. BU Latin America also has a strong presence in the Brazilian consumer finance business through its Aymoré franchise, focused on vehicle and other consumer goods financing.

Asia
ABN AMRO has been operating for well over 100 years in several Asian countries including Indonesia, China, Singapore and Japan. BU Asia now covers 16 countries and territories and is extending its branches and offices network. BU Asia's client base includes commercial clients as well as consumer and private banking clients.

Private Clients
BU Private Clients offers private banking services to wealthy individuals and institutions with EUR 1 million or more in net investable assets. In the past few years, BU Private Clients built up an onshore private banking network in continental Europe through organic growth in the Netherlands and France, and through the acquisition of Delbrück Bethmann Maffei in Germany and Bank Corluy in Belgium.

Asset Management
BU Asset Management is ABN AMRO's global asset management business. BU Asset Management operates in 26 countries worldwide, offering investment products in all major regions and asset classes. Its products are distributed directly to institutional clients such as central banks, pension funds, insurance companies and leading charities. Funds for private investors are distributed through ABN AMRO's consumer and private banking arms, as well as via third-party distributors such as insurance companies and other banks. The institutional client business represents just over half of the assets managed by BU Asset Management. Consumer and third-party clients account for a further 30%, and the remainder is in discretionary portfolios managed for BU Private Clients.

Private Equity
The business model of ABN AMRO's Private Equity unit – branded as ABN AMRO Capital – involves providing capital and expertise to non-listed companies in a variety of sectors. By obtaining, in most cases, a majority stake, Private Equity gains the ability to influence the company's growth strategy and increase its profitability. It then aims to sell its shareholding at a profit after a number of years. Private Equity specialises in European mid-market buyouts, but also manages a portfolio of investments in Australian buyouts, non-controlling and controlling shareholdings in small to medium sized Dutch companies ('participaties'), and dedicated media and telecom sector investments. It operates from seven offices across Europe and Australia.

As a result of the sale of the majority of the shares in AAC Capital Holdings B.V. to the management of this company, as described in note 2 of this interim financial report, the Group will only act as an investor for these investments going forward and will no longer participate actively in the management of the acquired investments.

Group Functions
Group Functions provides guidance on ABN AMRO's corporate strategy and supports the implementation of the strategy in accordance with our Managing for Value methodology, Corporate Values and Business Principles. By aligning and uniting functions across ABN AMRO's BUs and geographical territories, Group Functions also facilitates Group-wide sharing of best practices, innovation and positioning to public authorities, and binds the bank together in both an operational and cultural sense.

Group Functions includes Group Asset and Liability Management, which manages an investment and derivatives portfolio in order to manage the liquidity and interest rate risks of the Group. Group Functions also holds the Group's strategic investments, proprietary trading portfolio, the International Diamonds & Jewelry Group and records any related profits or losses.

UNAUDITED

Business segment information – for the 6 months ended 30 June 2007

	Nether-lands	Europe	North America	Latin America	Asia	Private Clients	Asset Manage-ment	Private Equity	Group Functions	Total Group
Net interest income	1,730	920	110	1,744	340	242	(7)	(172)	(313)	4,594
Net fee and commission income	499	543	160	251	499	343	460	3	114	2,872
Net trading income	360	1,069	106	50	311	37	1	2	4	1,940
Result from financial transactions	11	32	2	183	22	4	22	321	70	667
Share of result in equity accounted investments	23	4	-	22	34	-	4	1	51	139
Other operating income	78	39	13	37	-	115	5	4	3	294
Income of consolidated private equity holdings	-	-	-	-	-	-	-	2,783	-	2,783
Operating income	2,701	2,607	391	2,287	1,206	741	485	2,942	(71)	13,289
Operating expenses*	1,773	1,956	434	1,234	808	457	316	2,666	661	10,305
Loan impairment and other credit risk provisions	206	163	(17)	436	109	(3)	-	-	(8)	886
Total expenses	1,979	2,119	417	1,670	917	454	316	2,666	653	11,191
Operating profit before taxes	722	488	(26)	617	289	287	169	276	(724)	2,098
Income tax expense	154	128	(45)	235	65	61	43	1	(210)	432
Profit from continuing operations	568	360	19	382	224	226	126	275	(514)	1,666
Profit from discontinued operations net of tax	2	-	549	-	-	-	-	-	3	554
Profit for the period	570	360	568	382	224	226	126	275	(511)	2,220

* The operating expenses in BU North America and in BU Group Functions include an amount of EUR 98 million and EUR (23) million respectively of global overhead costs allocated to LaSalle, but not considered discontinued.

Business segment information – for the 6 months ended 30 June 2006

	Nether-lands	Europe	North America	Latin America	Asia	Private Clients	Asset Manage-ment	Private Equity	Group Functions	Total Group
Net interest income	1,609	767	49	1,477	282	257	(10)	(149)	29	4,311
Net fee and commission income	486	672	105	262	325	307	390	6	49	2,602
Net trading income	360	539	96	94	205	36	4	5	138	1,477
Result from financial transactions	54	40	(18)	4	(13)	3	1	250	-	321
Share of result in equity accounted investments	16	-	-	36	44	1	-	-	27	124
Other operating income	68	47	15	26	29	30	31	21	221	488
Income of consolidated private equity holdings	-	-	-	-	-	-	-	2,634	-	2,634
Operating income	2,593	2,065	247	1,899	872	634	416	2,767	464	11,957
Operating expenses*	1,767	1,829	370	1,129	652	455	269	2,514	225	9,210
Loan impairment and other credit risk provisions	176	55	(17)	381	85	10	-	20	10	720
Total expenses	1,943	1,884	353	1,510	737	465	269	2,534	235	9,930
Operating profit before taxes	650	181	(106)	389	135	169	147	233	229	2,027
Income tax expense	146	156	(132)	85	48	48	39	5	(47)	348
Profit from continuing operations	504	25	26	304	87	121	108	228	276	1,679
Profit from discontinued operations net of tax	91	-	518	-	-	-	-	-	(36)	573
Profit for the period	595	25	544	304	87	121	108	228	240	2,252

* The operating expenses in BU North America include an amount of EUR 73 million of global overhead costs allocated to LaSalle, but not considered discontinued.

UNAUDITED

Business segment information – for the 3 months ended 30 June 2007

	Nether-lands	Europe	North America	Latin America	Asia	Private Clients	Asset Manage-ment	Private Equity	Group Functions	Total Group
Net interest income	892	476	56	918	185	123	(3)	(84)	(207)	2,356
Net fee and commission income	242	265	51	111	290	175	241	-	129	1,504
Net trading income	170	553	49	28	159	17	(1)	1	(37)	939
Result from financial transactions	(2)	19	26	152	(21)	3	14	168	(45)	314
Share of result in equity accounted investments	8	3	-	12	17	-	2	8	20	70
Other operating income	31	21	2	16	(4)	96	1	3	-	166
Income of consolidated private equity holdings	-	-	-	-	-	-	-	1,390	-	1,390
Operating income	1,341	1,337	184	1,237	626	414	254	1,486	(140)	6,739
Operating expenses*	902	991	192	650	412	233	165	1,307	194	5,046
Loan impairment and other credit risk provisions	101	92	(2)	246	56	-	-	-	(10)	483
Total expenses	1,003	1,083	190	896	468	233	165	1,307	184	5,529
Operating profit before taxes	338	254	(6)	341	158	181	89	179	(324)	1,210
Income tax expense	69	82	(25)	136	41	31	21	3	(94)	264
Profit from continuing operations	269	172	19	205	117	150	68	176	(230)	946
Profit from discontinued operations net of tax	2	-	197	-	-	-	-	-	11	210
Profit for the period	271	172	216	205	117	150	68	176	(219)	1,156

* The operating expenses in BU North America and in BU Group Functions include an amount of EUR 56 million and EUR (12) million respectively of global overhead costs allocated to LaSalle, but not considered discontinued.

Business segment information – for the 3 months ended 30 June 2006

	Nether-lands	Europe	North America	Latin America	Asia	Private Clients	Asset Manage-ment	Private Equity	Group Functions	Total Group
Net interest income	812	399	55	741	135	128	(6)	(80)	(18)	2,166
Net fee and commission income	216	386	63	111	158	146	210	(1)	21	1,310
Net trading income	184	150	62	81	102	27	-	(11)	59	654
Result from financial transactions	54	72	(7)	(36)	7	(1)	-	155	(14)	230
Share of result in equity accounted investments	8	-	-	23	22	1	-	-	20	74
Other operating income	36	20	5	14	13	13	2	17	213	333
Income of consolidated private equity holdings	-	-	-	-	-	-	-	1,388	-	1,388
Operating income	1,310	1,027	178	934	437	314	206	1,468	281	6,155
Operating expenses*	917	964	211	559	320	226	137	1,320	118	4,772
Loan impairment and other credit risk provisions	91	23	6	208	49	9	-	5	9	400
Total expenses	1,008	987	217	767	369	235	137	1,325	127	5,172
Operating profit before taxes	302	40	(39)	167	68	79	69	143	154	983
Income tax expense	62	86	(80)	(5)	25	23	23	7	(71)	70
Profit from continuing operations	240	(46)	41	172	43	56	46	136	225	913
Profit from discontinued operations net of tax	41	-	273	-	-	-	-	-	(13)	301
Profit for the period	281	(46)	314	172	43	56	46	136	212	1,214

* The operating expenses in BU North America include an amount of EUR 36 million of global overhead costs allocated to LaSalle, but not considered discontinued.

4 Net interest income

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
Interest income	15,437	13,560	7,893	6,827
Interest expense	10,843	9,249	5,537	4,661
Total	4,594	4,311	2,356	2,166

Interest income and interest expense no longer includes interest on the trading book as well as the associated interest on funding. The 2006 comparatives have been reclassified accordingly.

5 Net fee and commission income

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
Fee and commission income				
Securities brokerage fees	768	944	411	456
Payment and transaction services fees	974	909	508	443
Asset management and trust fees	784	697	415	358
Fees generated on financing arrangements	170	102	101	65
Advisory fees	305	190	168	98
Insurance related commissions	85	76	41	35
Guarantee fees	106	97	55	48
Other fees and commissions	261	136	138	93
Subtotal	3,453	3,151	1,837	1,596
Fee and commission expense				
Securities brokerage fees	41	200	19	103
Payment and transaction services fees	166	135	87	71
Asset management and trust fees	75	76	53	39
Other fees and commissions	299	138	174	73
Subtotal	581	549	333	286
Total	2,872	2,602	1,504	1,310

The decline in securities brokerage fees mainly results from the sale of the futures business in the second half 2006.

6 Net trading income

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
Interest instruments trading	556	598	265	186
Foreign exchange trading	404	347	168	231
Equity and commodity trading	980	532	506	237
Total	1,940	1,477	939	654

7 Results from financial transactions

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
Net gain from the disposal of available-for-sale debt securities	317	92	196	38
Net gain from the sale of available-for-sale equity investments	65	43	59	41
Dividend on available-for-sale equity investments	18	22	11	18
Net gain on other equity investments	387	273	179	203
Hedging ineffectiveness	20	65	4	30
Other	(140)	(174)	(135)	(100)
Total	667	321	314	230

The net gain on other equity investments includes gains and losses arising on investments held at fair value and the result on the sale of consolidated holdings of a private equity nature. In the second quarter of 2007 a gain of EUR 108 million was recognised as a result of the change of control of certain private equity investments (refer to note 2 – *Developments* – for more details on this transaction).

8 Other operating income

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
Insurance activities	54	54	21	28
Leasing activities	33	25	17	12
Net income on disposal of operating activities and equity accounted investments	82	248	78	208
Other	125	161	50	85
Total	294	488	166	333

In the second quarter of 2007 a gain of EUR 77 million was recognised in the line Net income on disposal of operating activities and equity accounted investments relating to the sale of Private Banking operations in Miami and Montevideo (refer to note 2 – *Developments* – of this interim financial report). In the second quarter of 2006 the profit recorded on the sale of K&H Bank to KBC Bank of EUR 208 million was recorded in this line.

9 Personnel expenses

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
Salaries (including bonuses and allowances)	3,253	2,682	1,639	1,295
Social security expenses	405	372	221	205
Other employee costs	623	542	323	343
Total	4,281	3,596	2,183	1,843

The increase in personnel expenses in the first half of 2007 is mainly caused by an increase in performance related bonuses compared to the comparable period in 2006.

10 Income tax expense

The effective tax rate on operating profit from continuing operations for the first half year 2007 is 20.7% compared to a nominal tax rate in the Netherlands of 25.5%. Over the full year 2006 the effective tax rate was 17.7%.

The effective tax rate on the Group's profit before tax differs from the nominal tax charge in the Netherlands. The reasons for the deviation in the first half year of 2007 are mainly tax credits received by the Group and tax-exempt gains. The effective tax rate in the first half year of 2007 is higher than over the full year 2006 as a result of relatively higher tax credits and higher tax-exempt income over the full year 2006 compared to the first half year of 2007.

11 Profit from discontinued operations net of tax and assets and liabilities of businesses held for sale

On 22 April 2007, ABN AMRO entered into an agreement to sell ABN AMRO North America Holding Company, which principally consists of the retail and commercial banking activities of LaSalle Bank Corporation ("LaSalle") to Bank of America. ABN AMRO's North American Asset Management businesses and certain businesses within ABN AMRO's North American Global Markets and Global Clients operations do not form part of the sale. The sale is expected to close in the fourth quarter of 2007. The results of the business under the sale agreement are presented as profit from discontinued operations net of tax. The relating assets and liabilities have been presented as assets and liabilities of businesses held for sale as of this quarter.

Also the results of the national residential mortgage line of business (ABN AMRO Mortgage Group, Inc.), a subsidiary of ABN AMRO LaSalle Bank Midwest are presented as discontinued operations. The sale transaction closed on 28 February 2007.

The comparatives of 2006 furthermore include ABN AMRO Mortgage Group, Inc. and Bouwfonds non-mortgage.

Income statement of discontinued operations:

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
Operating income	1,688	2,023	835	1,011
Operating expenses	970	1,217	496	601
Loan impairment and other credit risk provisions	45	41	31	30
Operating profit before tax	673	765	308	380
Gain recognised on disposal	147	-	(7)	-
Profit from discontinued operations before tax	820	765	301	380
Income tax expense on operating profit	212	192	94	79
Income tax expense on gain on disposal	54	-	(3)	-
Profit from discontinued operations net of tax	554	573	210	301

The operating expenses relating to LaSalle as included in the table above and below have been adjusted for the certain global overhead charges from the Group to LaSalle that are considered to be fixed in the short run. Despite the sale of LaSalle the Group will remain to incur these costs. These global overhead charges have as a result been presented as operating expenses from continuing operations. For the year-to-date 2007 period the amount is EUR 75 million and for the comparative period in 2006 the amount is EUR 73 million. The amount for the second quarter of 2007 is EUR 44 million and for the comparative period in 2006 EUR 36 million.

The table below provides a further breakdown of the operating result and gain on disposal of discontinued operations. In our segment disclosure note the ABN AMRO Mortgage Group, Inc. results are included in BU North America. The LaSalle results are included in BU North America and BU Group Functions and the Bouwfonds non-mortgage results are included in BU Netherlands.

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
LaSalle				
Operating income	1,617	1,559	835	770
Operating expenses	928	941	498	457
Loan impairment and other credit risk provisions	45	39	31	31
Operating profit before tax	644	579	306	282
Gain recognised on disposal	-	-	-	-
Profit from discontinued operations before tax	644	579	306	282
Income tax expense on operating profit	202	131	94	44
Income tax expense on gain on disposal	-	-	-	-
Profit from discontinued operations net of tax	442	448	212	238

UNAUDITED

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
Bouwfonds non-mortgage				
Operating income	-	290	-	145
Operating expenses	(2)	154	(2)	84
Loan impairment and other credit risk provisions	-	2	-	(1)
Operating profit before tax	2	134	2	62
Gain recognised on disposal	-	-	-	-
Profit from discontinued operations before tax	2	134	2	62
Income tax expense on operating profit	-	43	-	21
Income tax expense on gain on disposal	-	-	-	-
Profit from discontinued operations net of tax	2	91	2	41
ABN AMRO Mortgage Group Inc.				
Operating income	71	174	-	96
Operating expenses	44	122	-	60
Loan impairment and other credit risk provisions	-	2	-	-
Operating profit before tax	27	52	-	36
Gain recognised on disposal	147	-	(7)	-
Profit from discontinued operations before tax	174	52	(7)	36
Income tax expense on operating profit	10	18	-	14
Income tax expense on gain on disposal	54	-	(3)	-
Profit from discontinued operations net of tax	110	34	(4)	22
Total profit from discontinued operation net of tax	554	573	210	301

The major classes of assets and liabilities classified as held for sale are as follows:

	30 June 2007	31 December 2006
Assets		
Cash and balances with central banks	1,193	14
Financial assets held for trading	1,199	104
Financial investments	22,991	132
Loans and receivables – banks	1,584	53
Loans and receivables – customers	48,723	4,532
Property and equipment	2,447	1,012
Goodwill and other intangible assets	50	2,449
Accrued income and prepaid expenses	465	62
Other assets	5,790	3,492
Assets of businesses held for sale	84,442	11,850
Liabilities		
Financial liabilities held for trading	195	-
Due to banks	10,029	973
Due to customers	46,457	2,397
Issued debt securities	16,860	-
Provisions	122	22
Accrued expenses and deferred income	858	71
Other liabilities	1,859	244
Subordinated liabilities	4,000	-
Liabilities of businesses held for sale	80,380	3,707
Net assets directly associated with disposal businesses	**4,062**	**8,143**

At 30 June 2007 these balances mainly consist of LaSalle. At 31 December 2006 these balances mainly consisted of ABN AMRO Mortgage Group, Inc.

12 Earnings per share

The calculations for basic and diluted earnings per share are presented in the following table.

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
Profit for the period attributable to shareholders of the parent company	2,165	2,219	1,130	1,216
Profit from continuing operations attributable to shareholders of the parent company	1,618	1,658	923	920
Profit from discontinued operations attributable to shareholders of the parent company	547	561	207	296
Weighted average number of ordinary shares outstanding (in millions)	1,854.8	1,877.6		
Dilutive effect of staff options (in millions)	11.4	8.3		
Conditional share awards (in millions)	7.3	1.9		
Diluted number of ordinary shares (in millions)	1,873.5	1,887.8		
From continuing operations				
Basic earnings per ordinary share (in euros)	0.87	0.88	0.50	0.49
Fully diluted earnings per ordinary share (in euros)	0.86	0.88	0.50	0.49
From continuing and discontinued operations				
Basic earnings per ordinary share (in euros)	1.17	1.18	0.61	0.65
Fully diluted earnings per ordinary share (in euros)	1.16	1.18	0.61	0.64
Number of ordinary shares outstanding (in millions)	1,855.4	1,892.0		
Net asset value per ordinary share (in euros)	13.30	12.13		
Number of preference shares outstanding (in millions)	1,369.8	1,369.8		
Return on average shareholders' equity (in %)	17.8%	19.7%		

In the return on average shareholders' equity the average shareholders' equity is determined excluding net unrealised gains/losses on available-for-sale assets and cash flow hedging reserve not recognised in the income statement.

13 Financial assets and liabilities held for trading

	30 June 2007	31 December 2006
Financial assets held for trading		
Interest-earning securities	75,458	60,290
Equity instruments	53,107	40,112
Derivative financial instruments	120,360	105,334
Total	248,925	205,736
Financial liabilities held for trading		
Short positions in financial assets	42,233	45,861
Derivative financial instruments	117,476	99,503
Total	159,709	145,364

14 Financial investments

	30 June 2007	31 December 2006
Interest-earning securities available-for-sale	94,406	117,558
Interest-earning securities held-to-maturity	2,775	3,729
Equity investments available-for-sale	1,269	1,866
Equity investments designated at fair value through income	3,251	2,228
Total	101,701	125,381

15 Loans and receivables – banks

This item is comprised of amounts due from or deposited with banking institutions.

	30 June 2007	31 December 2006
Current accounts	11,257	9,473
Time deposits placed	12,036	15,396
Professional securities transactions	155,684	105,969
Loans to banks	4,364	3,986
Subtotal	183,341	134,824
Allowances for impairment [17]	(3)	(5)
Total	183,338	134,819

The movements during the year are mainly due to an increase in professional securities transactions in the UK.

16 Loans and receivables – customers

This item is comprised of amounts receivable, regarding loans and mortgages balances with non-bank customers.

	30 June 2007	31 December 2006
Public sector	6,179	11,567
Commercial	162,420	180,262
Consumer	125,056	135,484
Professional securities transactions	119,387	93,716
Multi-seller conduits	32,612	25,872
Subtotal	445,654	446,901
Allowances for impairment [17]	(3,750)	(3,646)
Total	441,904	443,255

The amount receivable held by multi-seller conduits is typically collateralised by a pool of customer receivables in excess of the amount advanced, such that the resulting credit risk is mitigated.

17 Loan impairment charges and allowances

	2007
Balance at 1 January	3,651
Loan impairment charges:	
New impairment allowances	1,254
Reversal of impairment allowances no longer required	(241)
Recoveries of amounts previously written off	(127)
Total loan impairment and other credit risk provisions	886
Amount recorded in interest income from unwinding of discounting	(17)
Currency translation differences	54
Amounts written off (net)	(631)
Disposals of businesses and discontinued operations	(230)
Unearned interest accrued on impaired loans	40
Balance at 30 June	3,753

All loans are assessed for potential impairment either individually and / or on a portfolio basis. The allowance for impairment is apportioned as follows:

	30 June 2007	31 December 2006
Commercial loans	2,470	2,344
Consumer loans	1,280	1,302
Loans to banks		5
Total	3,753	3,651

18 Equity accounted investments

	30 June 2007	31 December 2006
Banking institutions	1,488	1,436
Other activities	103	91
Total	1,591	1,527

	2007
Balance at 1 January	1,527
Movements:	
Purchases	25
Reclassifications	(23)
Sales	(1)
Share in results	139
Dividends received	(49)
Currency translation differences	(3)
Other	(24)
Balance at 30 June	1,591

19 Goodwill and other intangible assets

	30 June 2007	31 December 2006
Goodwill	4,946	4,714
Goodwill of private equity	287	2,436
Software	945	959
Other intangibles	962	1,298
Total	7,140	9,407

Compared to 31 December 2006 goodwill increased by EUR 232 million. EUR 163 million is attributable to the acquisition of Prime Bank Ltd (Pakistan) on 5 April 2007 (see note 2 - *Developments*) and EUR 63 million to the acquisition of the remaining outstanding shares (5.42%) in Banco Sudameris Brasil S.A. by Banco Real on 13 March 2007.

The decrease of goodwill of private equity investments by EUR 2.1 billion is a result of the deconsolidation of private equity investments (refer to note 2 of this interim financial report).

Impairment testing of goodwill
Goodwill has been allocated for impairment testing purposes to individual cash-generating units within the business. Within the €5,233 million total carrying amount of goodwill and goodwill of private equity, €4,399 million of goodwill allocated to the Antonveneta cash-generating unit is the only significant individual carrying amount. The remaining €834 million of goodwill is allocated across multiple cash-generating units whose recoverable amounts are assessed independently of one another.

During the second quarter of 2007, we identified that the half-year financial performance of the Antonveneta cash-generating unit was lower than previously forecasted. We considered the reduced financial performance an indicator of goodwill impairment and therefore tested the goodwill attributable to the Antonveneta cash-generating unit for impairment.

In an impairment test, it is assessed whether the recoverable amount of a cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and the cash generating unit's value in use. The higher recoverable amount of Antonveneta at 30 June 2007 is the fair value less cost to sell. As there is no observable market price for the Antonveneta cash-generating unit, fair value has been estimated using an earnings multiple approach. This approach multiplies a current best estimate of forecasted earnings by a price-earnings ratio. Our approach multiples Antonveneta's forecasted net profit figure for 2007 by the average applicable earnings multiple of observed transactions within the Italian banking market during the past two years.

Management's test resulted in the recoverable amount of Antonveneta marginally exceeding the carrying amount. As a result no impairment charge was recorded. The outcome of the impairment test is sensitive to both the earnings multiplier and the forecasted earnings itself.

20 Issued debt securities

	30 June 2007	31 December 2006
Bonds and notes issued	114,139	117,122
Certificates of deposit and commercial paper	42,568	56,375
Cash notes, savings certificates and bank certificates	1,841	2,269
Subtotal	158,548	175,766
Commercial paper issued by multi-seller conduits	32,612	26,280
Total	191,160	202,046

21 Subordinated liabilities

Issued liabilities qualify as subordinated debt if claims by the holders are subordinated to all other current and future liabilities of, respectively, ABN AMRO Holding N.V, ABN AMRO Bank N.V. and other Group companies. These liabilities qualify as capital, taking into account remaining maturities, for the purpose of determining the consolidated capital adequacy ratio for the Dutch central bank.

The maturity profile of subordinated liabilities is as follows:

	30 June 2007	31 December 2006
Within one year	1,057	1,372
After one and within two years	1,556	1,833
After two and within three years	1,471	3,496
After three and within four years	779	1,323
After four and within five years	23	937
After five years	9,821	10,252
Total	14,707	19,213

Total subordinated liabilities include EUR 2,027 million (December 2006: EUR 6,122 million) which qualify as tier 1 capital for capital adequacy purposes. Another EUR 4,000 million of subordinated liabilities which also qualify as tier 1 capital is presented as liabilities of businesses held for sale in connection with the sale agreement of LaSalle.

22 Commitments and contingent liabilities

Loan and banking commitments

The contractual amounts of commitments and contingent liabilities are set out by category in the following table. The amounts for commitments are presented on a fully advanced basis. Guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if the relevant contract parties completely failed to perform as contracted.

	30 June 2007	31 December 2006
Contingent liabilities with respect to guarantees granted	51,925	46,026
Contingent liabilities with respect to irrevocable letters of credit	5,689	5,253
Committed credit facilities	151,607	145,418

Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. This means that the amounts stated do not represent expected future cash flows. Additionally, guarantees and letters of credit are supported by varying levels of collateral.

Other contingencies

Legal proceedings have been initiated against the Group in a number of jurisdictions, but on the basis of information currently available, and having taken legal counsel, the Group is of the opinion that the outcome of these proceedings net of any related insurance claims is unlikely to have a material adverse effect on the consolidated financial position and the consolidated profit of the Group.

23 Capital adequacy

To monitor the adequacy of capital the Group uses ratios established by the Bank for International Settlements (BIS). These ratios measure capital adequacy (minimum 8% as required by BIS) by comparing the Group's eligible capital with its balance sheet assets, off-balance sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk. The market risk approach covers the general market risk and the risk of open positions in currencies and debt and equity securities primarily in the trading book. Assets are weighted according to broad categories of notional risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them.

Tier 1 capital consists of shareholders' equity and qualifying subordinated liabilities less goodwill and some intangible assets. Tier 2 capital represents additional qualifying subordinated liabilities, taking into account the remaining maturities. Core tier 1 capital is tier 1 capital excluding preference shares.

The Group's capital adequacy level was as follows:

	Balance sheet / unweighted amount		Risk weighted amount, including effect of contractual netting	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Balance sheet assets (net of provisions):				
Cash and balances at central banks	14,485	12,317	504	296
Financial assets held for trading	248,925	205,736	-	-
Financial investments	101,701	125,381	9,237	14,142
Loans and receivables – banks	183,338	134,819	7,978	7,215
Loans and receivables – customers	441,904	443,255	141,468	161,584
Equity accounted investments	1,591	1,527	988	943
Property and equipment	3,798	6,270	3,519	4,419
Goodwill and other intangible assets	7,140	9,407	1,196	2,801
Assets of businesses held for sale	84,442	11,850	48,237	6,978
Accrued income and prepaid expenses	9,822	9,290	3,800	3,794
Other assets	22,913	27,212	3,627	6,776
(Sub)total	1,120,059	987,064	220,554	208,948
Off-balance sheet positions and derivatives:				
Credit-related commitments and contingencies	209,221	196,697	53,050	53,336
Credit equivalent of derivatives			15,606	13,960
Insurance companies and other			416	379
Subtotal			69,072	67,675
Total credit risks			289,626	276,623
Market risk requirements			4,699	4,081
Total risk-weighted assets			294,325	280,704

The following table compares actual capital with that required for supervisory purposes.

	30 June 2007		31 December 2006	
	Required	Actual	Required	Actual
Total capital	23,546	30,959	22,457	31,275
Total capital ratio	8.0%	10.52%	8.0%	11.14%
Tier 1 capital	11,773	24,037	11,228	23,720
Tier 1 capital ratio	4.0%	8.17%	4.0%	8.45%
Core tier 1	–	18,010	–	17,336
Core tier 1 ratio	–	6.12%	–	6.18%

24 Private equity investments

Private equity investments are either consolidated or held at fair value.

Consolidated private equity holdings

Investments of a private equity nature that are controlled by the Group are consolidated. Such holdings represent a wide range of non-banking activities. Personnel and other costs relating to production and manufacturing activities are presented within goods and material expenses of consolidated private equity holdings. The impact of consolidating on the income statement these investments is set out in the table below. The results of operations from the investments, deconsolidated on 30 June 2007, have continued to be included in the results of operations in this quarter and the transaction as described in Note 2 of this interim financial report will impact the consolidated income statement as of the next quarter.

	6 months ended 30 June 2007	6 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
Income of consolidated private equity holdings	2,783	2,634	1,390	1,388
Other income included in operating income	(174)	(161)	(85)	(78)
Total operating income of consolidated private equity holdings	2,609	2,473	1,305	1,310
Goods and material expenses of consolidated private equity holdings	1,949	1,855	979	1,003
Included in personnel expenses	294	275	142	138
Included in administrative costs	236	232	111	112
Included in depreciation and amortisation	136	103	48	53
Total operating expenses	2,615	2,465	1,280	1,306
Operating profit before tax of consolidated private equity holdings	(6)	8	25	4

The assets and liabilities of these consolidated holdings are included in the Group balance sheet. Given the non-banking nature of the underlying activities the main lines impacted are goodwill, property and equipment, other assets and issued debt securities. The total assets of the remaining consolidated entities at 30 June 2007 were EUR 1,700 million (31 December 2006: EUR 4,537 million) excluding goodwill.

25 Subsequent events

ABN AMRO Mellon Global Securities Services

On 5 July 2007, Mellon Bank N.A. has agreed to purchase ABN AMRO's 50% share in ABN AMRO Mellon Global Securities Services B.V., the joint venture company established by the shareholders in 2003 to provide global custody and related services to institutions outside North America. The transaction, which is subject to certain conditions including regulatory and other approvals, is expected to close during the third quarter 2007. After the close ABN AMRO Mellon will become part of The Bank of New York Company and Mellon Financial Corporation. ABN AMRO Mellon is presented as held for sale in the balance sheet.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Supervisory Board and Managing Board of ABN AMRO Holding N.V.

Introduction

We have reviewed the accompanying condensed interim financial report consisting of the consolidated balance sheet of ABN AMRO Holding N.V., Amsterdam, The Netherlands (the "Company") as at 30 June 2007 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the three- and six-month period then ended and condensed explanatory notes (as set out in annex 3, further referred to as interim financial report). Company's management is responsible for the preparation and fair presentation of this interim financial report accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on this interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial report is not prepared, in all material respects, in accordance with IAS 34.

Amsterdam, 30 July 2007

for Ernst & Young Accountants

Signed J.J. Nooitgedagt